



Annual Report

2018/19



About our Annual Report

Swan Hill Rural City Council is pleased to present its 2018/19 Annual Report, which provides a detailed account of our performance from 1 July 2018 to 30 June 2019.

Documenting Council's performance against the 2018/19 Budget and the Council Plan, the Annual Report highlights achievements and challenges faced within key service areas and programs.

Council seeks to achieve community engagement and an understanding of Council's operations by conducting its affairs openly and with integrity.

Transparency in our decision-making and accountability are core values of Council, reflecting high levels of good governance.

This report provides information to a variety of audiences including community groups, businesses, ratepayers, visitors, investors, government agencies and other interested stakeholders.

Acknowledgement

Swan Hill Rural City Council acknowledges the traditional custodians of the land, and pays its respects to their elders, past and present.

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Welcome to the report of operations

We are committed to transparent reporting and accountability to our community. The Annual Report is our primary means of advising residents within the Swan Hill Rural City Council region about our operations and performance during the 2018/19 financial year.

How to read our Annual Report

Introduction

Provides a snapshot of our region and highlights what we have accomplished.

The year in review

Messages from our Mayor and CEO, a financial summary and major projects highlights.

Our Council

Our region's history and profile, and information on our Councillors.

Our people

Information on Council's employees, including our organisational structure, occupational health and safety, equal opportunity, and appreciating our staff.

Our performance

Results against our Council Plan key strategic initiatives, Local Government performance reporting indicators, and major initiatives and services identified in the 2018/19 Budget.

Corporate governance

Governance and statutory information including decision-making, elected members, risk management, benchmarking and accountability.

Performance statement

Local Government performance reporting indicators for sustainable capacity, service performance and financial performance.

Financial performance

Council's general purpose financial statements.



Part one

Introduction

Snapshot of Council

Swan Hill Rural City Council covers 6,116 square kilometres and is home to 20,759 people. It includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco.

Agriculture and manufacturing drive the Swan Hill Rural City economy.

Almost 20 per cent of the total economic output from the region comes from agricultural production.

Irrigated farming (including stonefruit, grapes, nuts, olives and vegetable production) accounts for over 11 per cent of the total economic output for the municipality, while traditional livestock and broadacre farming accounts for almost four per cent.

More than 18 per cent of all jobs in the city are directly related to agriculture.

Food manufacturing (processing) accounts for almost 10 per cent of the municipality's economic output.

Located along the Murray River, tourism plays an important role in our region's economy as well. Our climate and natural beauty attracts about 750,000 visitors each year.



Our municipality: fast facts

20,759	Our population
6,116km²	Our area
3,508km	The length of our local roads (sealed and unsealed)
12,010	Our rateable properties
\$1.35 billion	Gross regional product
9,126	People working

Our Vision

A prosperous and healthy community enjoying quality facilities and services.

Our Mission

We will lead, advocate, partner and provide efficient services and opportunities for growth and the wellbeing of our community and environment.

Our Values

Council values our residents and community and will be responsive to their needs. In pursuing our objectives, we believe in, and are committed to, the following values:

Community engagement

We will ensure that our communities are consulted, listened to and informed.

Leadership

We will be at the centre of our community and by actively engaging our community, we will form the collective view on strategic issues and will then express our views through strong advocacy.

Fairness

We will value and embrace the diversity of our community and ensure that all people are treated equally.

Accountability

We will be transparent and efficient in our activities and we will always value feedback.

Trust

We will act with integrity and earn the community's trust by being a reliable partner in delivering services and providing facilities.



Highlights of the year

Economic Growth

- Awarded more than \$1.64 million of work to Swan Hill-based contractors for the Swan Hill Regional Livestock Exchange upgrade.
- Released Stage 11 of Tower Hill estate in December, including 24 residential lots.
- Introduced a Special Rate for the Swan Hill and Lake Boga regions to provide financial support to Swan Hill Incorporated, after community consultation.
- Sold surplus land at the Swan Hill Regional Livestock Exchange. A service station is expected to be built on the site.

Community Enrichment

- Adopted the Creative Strategy 2018-22.
- Started an L2P Learner Driver pilot program in Robinvale with the Robinvale College Clontarf Foundation.
- Ran the successful Fairfax Youth Initiative, which included a pop-up community choir.
- Commissioned photographer Mick Cullin to photograph Ultima and district, with an exhibition at the Ultima Hall. The Gallery also hosted Swan Hill Biggest Print, a community engagement and art project.
- Co-ordinated a visit from renowned journalist and commentator Stan Grant for Reconciliation Week.
- Halved hire costs at the Robinvale, Lake Boga, Nyah, Manangatang and Woorinen community centres, making them more accessible to community groups.
- Supported a successful Harmony Day community event in March.

Infrastructure

- Received \$1.96 million in Federal funding for Swan Hill's riverfront project, which will include a pedestrian crossing linking the Swan Hill CBD with the riverfront, and an active play space and skate park.
- Received \$16.8 million in Federal funding for Our Region, Our Rivers – a joint infrastructure project of seven local councils.
- Resurfaced Perrin Street, Robinvale, using a new technology that repurposes recycled tyres.
- Started work on the new Milloo Street boat ramp.
- Started work on the new Swan Hill skate park, at Riverside Park.
- Completed the final stage of the Lake Boga-Ultima Road upgrade.

Governance and Leadership

- Elected Cr Ann Young as Mayor.
- Councillors Gary Norton and John Katis resigned as Councillors. By-elections were held in the Robinvale and Murray Mallee wards, resulting in the election of Cr Jade Benham (Robinvale) and Cr Nicole McKay (Murray Mallee).
- Endorsed the Central Murray Regional Transport Strategy 2018.
- Appointed consultancy firm Holmes Dyer to complete the Robinvale Housing Strategy, with funding from State Government and Mallee Regional Partnership.
- Appointed consultancy firm Geografia to determine a true Robinvale population.
- Supported the community campaign for a new Swan Hill Hospital.

- Lobbied RMS New South Wales and Environment and Heritage New South Wales to review heritage controls on the Swan Hill Bridge.
- Called on the State Government to confirm its commitment to standardising the Manangatang rail line, and to re-consider proposed changes to the line further south.
- Adopted the Swan Hill Rural City Council 2019 -2022 Communication and Engagement Strategy.
- Adopted the Swan Hill Rural City Council Advocacy Strategy.

Environment

- Launched The Big Green Shed's Facebook page.
- Constructed e-waste drop off points in Swan Hill and Robinvale, with funding from Sustainability Victoria, and started an education campaign about the 1 July e-waste ban.
- Authorised the signing of a joint Memorandum of Understanding for waste and recycling services with Loddon Mallee Waste and Resource Recovery Group.

Challenges for 2019/20

- Work with State Government to deliver the pedestrian crossing linking the Swan Hill CBD with the riverfront.
- Complete the Robinvale Housing Strategy, and work with local and state organisations to start implementing priorities.
- Continue leading a consortium of councils, and work with Federal Government, to deliver projects from Our Region, Our Rivers, including Our Place in Swan Hill - the new art gallery and interpretive centre.
- Fill key positions in Council's Infrastructure Department to ensure successful project delivery.
- Plan for the significant aged care sector reforms that will continue having a profound impact on Council's ability to deliver services and, ultimately, on our community members.
- Deliver efficient waste and recycling services in an increasingly challenging environment.



Statistics for 2018/19



Year at a glance

July

Robinvale Housing Strategy

The State Government awarded \$50,000 from the Stronger Regional Communities Plan to Council to develop the Robinvale Housing Strategy. The project was also supported by the Mallee Regional Partnership. The strategy will outline short and long term initiatives to improve the availability of housing in the area.

Federal Government funding for riverfront



Member for Mallee Andrew Broad announced \$1.96 million for Swan Hill's riverfront project.

Along with \$982,500 from Council, \$1 million from State Government and \$30,000 from VicRoads, it will allow for the construction of a pedestrian crossing linking the Swan Hill CBD with the riverfront, and an active play space and skate park.

Robinvale L2P Program

An L2P pilot program started in Robinvale in partnership with the Robinvale College Clontarf Foundation. With enough interest from learner drivers and availability of mentors, it is hoped it will become a permanent program.

Community and event grants

Council announced successful applicants to the Community Development Fund (25 projects worth \$100,054) and Event Support Fund (32 events with \$70,000 cash and \$16,300 in-kind).

Blackwire Solar Farm opening



The Swan Hill Blackwire Reserve Solar Farm was officially opened. The 50,000 panel, 19MW solar farm will produce enough clean electricity to power 6,050 Australian homes and has a lifespan of around 30 years.

Successful exhibition opening

Eighty-five people attended the opening of a new exhibition at Swan Hill Regional Art Gallery, which included the 1960s Australian-made Goggomobil Dart.

JPs busy at Library

The Justice of the Peace service at Swan Hill Regional Library started. During its first month, 50 people used the service.

Thanks to Friends

Council officially thanked the Friends of the Pioneer Settlement for their contribution to the Heartbeat of the Murray and Paragon Cafe. The volunteer group made their final payment, reaching their commitment of \$250,000 to the projects.

Well done Robinvale

Councillors congratulated the volunteer group and Council staff who co-ordinated the Robinvale Villers Bretonneux 100 Years commemoration.

Year at a glance continued

August

Mallee Almond Blossom Festival

The Mallee Almond Blossom Festival was a success, with an estimated crowd of more than 4,000 people. Nine bus tours of local almond farms and the Bannerton Solar Farm were booked out.

Cenotaph memorials installed

Two new memorials were installed at Swan Hill Cenotaph, recognising ex-servicewomen and servicemen from the region.

Pre-school funding

Council provided an additional \$50,000 to the Robinvale Pre-school for an undercover play area, storage shed and concreting. The new pre-school, on the College grounds, opened in May 2019.

Pony Club site

The former Lake Boga Tennis Club and Junior Football Club on Lalbert Road, Lake Boga was confirmed as the preferred site for the Swan Hill Pony Club's relocation.

Joining the hospital campaign



Council staff and Councillors got behind the Swan Hill Needs A New Hospital campaign, including the community rally.

MCH re-opens

The Nyah West Maternal and Child Health Centre re-opened. It had been closed since October due to a state-wide MCH nurse shortage.

September

Sale of surplus land at saleyards

The sale of surplus land at the Swan Hill Regional Livestock Exchange was completed. A service station is expected to be developed on the site.

Great survey response

More than 300 community members completed a survey about the future of local swimming pools and other aquatic facilities. The results are informing an Aquatics Strategy.

Huge week for youth

Council was one of five councils to share in \$2.5 million from the State's Youth Empower Program. Youth Support Co-ordinator Kane Sparks was also announced as the first inductee to the Youth Affairs Council Hall of Fame.

Phenomenal Fairfax

The Fairfax Youth Initiative was a huge success. It included the Proud and Deadly opening night, a pop-up community choir, and a vocal ensemble performance at the gallery, alongside the usual youth workshops and performances.

October

Playground upgrades in Manangatang



Council building staff installed new pre-schoolers' playground equipment in Lowan Park, Manangatang, initiated by MIG.

Transport strategy endorsed

Council endorsed the Central Murray Regional Transport Strategy, which will be used to advocate for major road and rail projects in the Balranald, Buloke, Gannawarra, Mildura, Murray River, Swan Hill and Wentworth municipalities.

Locals awarded saleyards work

More than \$1.64 million of work was awarded to Swan Hill-based contractors for the Swan Hill Regional Livestock Exchange upgrade.

Local businesses built new cattle yards and 10-way draft, altered the selling ring and building, installed cattle troughs, the scale house building, sheep laneways and the three-bay truck wash.

Work started in December and was mostly complete when sales returned in March.

Friends of the Settlement acknowledged



The entry to the Pioneer Settlement's Paragon Cafe was upgraded with recycled and engraved pavers. The 80 plus pavers included the names of volunteers that have worked at the Pioneer Settlement.

Waste initiatives

Hard waste collections took place in Nyah, Nyah West, Manangatang, Chinkapook, Vinifera, Boundary Bend, Piangil and Wood Wood.

Council also hosted a free greenwaste weekend in Swan Hill and Robinvale, where greenwaste could be disposed of at landfills for free.

November

New Mayor

Councillor Ann Young was elected Mayor of Swan Hill Rural City Council. Councillors chose not to elect a Deputy Mayor.

Free microchips

Pet owners were given the chance to have their pets microchipped for free in Swan Hill. The program ran in Robinvale in May.

Record numbers for storytime



Swan Hill Regional Library held its annual Roving Storytime, which has become a signature event during Children's Week. A record 60 children and 30 adults attended.

Ultima photography stars

Ultima locals became the stars of the show in Ultima District Uncovered - a photography exhibition at their hall. Swan Hill Regional Art Gallery commissioned former Swan Hill resident Mick Cullin to photograph the Ultima community and its people as an artist in residence.

Planning for Robinvale library

The Robinvale community was asked to contribute to planning for a new community library by completing a survey about services and opening hours. In total, 146 community members responded to the survey, and that information was used when concept designs were put together.

Cross border issues discussed

Council's final business breakfast of the year featured the recently appointed Victorian Cross Border Commissioner Luke Wilson as guest speaker.

Drainage work in Swan Hill

The third and final stage of the Swan Hill CBD drainage upgrade took place. Over five weeks, an additional drainage pipe was installed along the south side of McCallum Street between Beveridge and Splatt streets.

Year at a glance continued

New bridge lobbying

Council agreed to step up lobbying for a new Swan Hill bridge by writing to RMS New South Wales and Environment and Heritage New South Wales about reviewing, and ultimately removing, heritage controls on the Swan Hill Bridge.

December

Bromley Road land sale

Council determined that the land at 71-77 Bromley Road, Robinvale was surplus to need, and that the process of disposing of the land should start. A community consultation process ran until the end of February 2019. In May, Councillors agreed to sell the land by request for proposal, for commercial use.

Rail line advocacy

Council called on the State Government to confirm its commitment to standardising the Manangatang rail line. Council also urged the State to re-consider proposed changes to the line further south, which Council says will jeopardise the effectiveness of the Murray Basin Rail Project.

Tower Hill Stage 11



Stage 11 of Tower Hill estate was released in December, and an advertising campaign rolled out. Stage 11 comprises 24 residential lots.

New cricket nets

Council staff completed the installation of new cricket nets at Swan Hill Showgrounds. New nets will also be installed at Gurnett Oval and Robinvale Riverside Park thanks to a partnership between Council, the State Government and user groups.

Communication strategy

Council adopted the Swan Hill Rural City Council 2019-2022 Communication and Engagement Strategy.

Robinvale population

Consultancy firm Geografia was appointed to conduct a study aimed at determining the actual Robinvale population.

January

Councillors resign

Councillors John Katis and Gary Norton tendered their resignation as Councillors. Cr Katis had represented the Robinvale Ward since 1997, while Cr Norton represented the Murray Mallee Ward since 2003.

By-elections were called, with candidate information sessions in February, followed by nominations and then the close of voting on 29 March.

Performing Arts Program Launch

The Swan Hill Town Hall opened the doors to the venue, and set up outdoor seating to host a launch party for the 2019 performing arts program.

Citizens of the Year

Australia Day Award winners were announced - Citizen of the Year was Sonia Cunning, Young Citizen of the Year was Chelsea Tofful, and the joint Community Event of the Year went to Swan Hill Country Week Tennis and the Robinvale Euston Villers Bretonneux 100 Years Commemoration.

Jaycee Park upgrades

Work started to upgrade Jaycee Park in Swan Hill. The upgraded park, bordered by Harrison and Domaille crescents in Swan Hill, now includes new junior and senior play spaces, a flying fox and a gaga ball pit.

Cool days at the Library



Animals of Oz brought a snake, saltwater crocodile, kookaburra and other Australian animals into the Swan Hill Regional Library. It was part of the Library's extensive school holiday program.

February

Boga pre-school makeover

Work to upgrade the Lake Boga Pre-school building started, a partnership between the pre-school, Lake Boga Primary School, the State Government and Council. Students returned for Term 3.

Planning for rec reserve upgrades

Council adopted the Recreation Implementation Plan 2019-2028 as a working document. The plan outlines and prioritises upgrades to recreation reserves across the municipality.

Robinvale levee funding

An extra \$410,000 was secured through the Natural Disaster Recovery Grant Scheme for the Robinvale levee. This funding will help mitigate increased project costs due to extra native vegetation assessments.

March

Our Region, Our Rivers success



Deputy Prime Minister Michael McCormack announced that the Federal Government would contribute \$16.8 million to Our Region, Our Rivers – a joint infrastructure project of seven local councils. Councils will contribute matched funding.

In Swan Hill Rural City, projects will include Our Place - the new gallery, interpretive centre, information centre and Pioneer Settlement entrance; the Bromley Road beautification; a walking track for Boundary Bend; and others.

First cattle sale



The first cattle sale using the redeveloped Swan Hill Regional Livestock Exchange was held.

Upgrading Robinvale changerooms

Council allocated \$20,000 to upgrade changerooms at Robinvale's Riverside Park. The Robinvale Euston Football Netball Club also contributed funding to achieve the upgrade.

Year at a glance continued

Green waste service hits 1,000

The number of residential green waste kerbside collection services in Swan Hill hit 1,000. Since the service started in 2012, numbers have been steadily increasing, but jumped significantly in the past 12 months.

Perrin Street resurface



Perrin Street, Robinvale was resurfaced using a new technology that repurposes recycled tyres. In a first for Victoria, Council worked with Tyre Stewardship Australia - a company that is testing new mixes of crumbed rubber asphalt that can improve road durability and offer a significant recycling use for the millions of used tyres Australia generates each year.

Animal registrations get tech savvy

Pet owners received text message reminders about animal registration renewals. It is hoped the new service will remind people whose circumstances have changed to contact Council and update their details.

Rural road done

The final five kilometres of Lake Boga-Ultima Road was reconstructed, widened and sealed, thanks to the Fixing Country Roads Program.

New Councillor for Robinvale

Cr Jade Benham was elected unopposed as the new Robinvale ward Councillor.

Big month for Town Hall



The Swan Hill Town Hall hosted five major performances in March - Leo Sayer, the Chamber Philharmonia, By A Thread, and two children's shows – Picasso and His Dog and Splash Test Dummies (at Robinvale).

April

Special Rate for marketing

Council declared a Special Rate for marketing and business development. The rate will apply to eligible commercial, industrial, tourism and hospitality properties in Swan Hill and Lake Boga for a further seven years.

New Councillor for Murray Mallee



Cr Nicole McKay was declared as the successful candidate in the Murray Mallee Ward by-election.

Bridge funds welcome

Council welcomed the Federal Government's \$60 million contribution to a new Swan Hill bridge, announced in the Federal Budget.

Family Day Care shift

Council announced that rural community organisation Intereach would take over the Family Day Care Service from 1 July.

Yamagata exchange

Applications for students to attend the 2020 Yamagata student exchange and the 2020 citizen exchange opened. It will be the 40th anniversary of the City Sister Relationship.

Intersection upgraded

The intersection at Woorinen Road and Lake Road was fully reconstructed, thanks to the Federal Roads to Recovery. The road surface had sustained damage due to heavy vehicle traffic and flooding.

L2P funding renewed

VicRoads announced that funding for the TAC L2P Learner Driver program would continue for another four years, from 30 June 2019.

May

Catalina playground go ahead



Work started on the much-anticipated playground outside the Catalina Museum at Lake Boga. The playground opened early July.

Advocacy tick

Council adopted its Advocacy Strategy. The strategy sets out key issues for our communities and how Council can advocate for their improvement.

Future for SES sites

Council agreed to enter into a five year lease with VicSES for the use of a premises on Crown Land in Robinvale. This will give SES and Council time to advocate to State Government for funding to relocate next to the CFA and Police Station in Bromley Road.

Council also agreed to advertise its intention to sell the land occupied by Swan Hill SES. If no submissions are received, Council will sell the land to VicSES.

Roads push

Council agreed to write to various State Government bodies about the conditions of state-controlled roads, intersections and railway crossings in the municipality.

These included a roundabout for Murlong and McCallum streets, Swan Hill; the Murray Valley Highway from Boundary Bend to Robinvale; the Robinvale-Sea Lake Road between Manangatang and Robinvale; the Hattah-Robinvale Road from Hattah to Robinvale; the intersections of Waitchie Road and Sea Lake-Swan Hill Road; and the intersection of Gray and Campbell streets, Swan Hill.

June

Stan Grant visit



Renowned journalist and commentator Stan Grant visited the municipality for Reconciliation Week. He attended public events, as well as events with local school students and Aboriginal elders. An estimated 200 people attended his keynote address in Robinvale, 110 at the Swan Hill dinner, and nearly 60 at the Swan Hill Business Breakfast.

Budget adopted

Council's 2019/20 Budget was adopted. It includes a rate rise of 1.02 per cent, well below the State rate cap of 2.5 per cent.

Fees reduced

Council halved hire costs at the Robinvale, Lake Boga, Nyah, Manangatang and Woorinen community centres, making them more accessible to community groups.

Electoral review views

Council agreed to make a submission to the Victorian Electoral Commission's review of the electoral structure. The submission stated that Council believes the appropriate number of Councillors for this municipality is seven, but that Council should move to an unsubdivided municipality.

The Big Green Shed is on Facebook

Council launched The Big Green Shed's Facebook page. The page will promote Council's reduce, reuse and recycle principles and is aiming to encourage more people to purchase pre-loved goods.

Swan Hill boat ramp



Work started on the new Milloo Street boat ramp. The project will include a new two-lane concrete ramp, long vehicle parking and toilets.

Skate park work begins

Work started on the new Swan Hill skate park. The skate park, which local skaters helped to design in 2017, is being built at Swan Hill's Riverside Park. It is expected to be open in September.

Coffee with a Councillor



Councillors started their new initiative – Coffee with a Councillor. Councillors will travel to different locations around the municipality to chat informally with local residents.

Robinvale and Lake Boga playgrounds



The Robinvale and Lake Boga recreation reserve playgrounds were completed, thanks to grants from Sport and Recreation Victoria.

Robinvale Art Centre facelift

The Robinvale Community Art Centre has received part one of an interior facelift. Window coverings have been replaced throughout the hall and foyer spaces.

Leisure Centre win

The Swan Hill Leisure Centre won the Aquatics and Recreation Victoria Medium Facility Management award at the 2019 Aquatic and Recreation Victoria Awards.



Part two

Year in review

Mayor's message

I am pleased to present the 2018/19 Annual Report to our community.

As you will see throughout the document, we have continued our work on project and service delivery, advocacy and planning for the future.

We completed the \$1.94 million upgrade at Swan Hill Regional Livestock Exchange, with local contractors completing much of the work. It was a win-win.

We re-sealed Perrin Street in Robinvale using innovative new technology, started work on the much anticipated Swan Hill boat ramp and skate park, and adopted Our Game Plan – a 10 year plan to upgrade recreation reserves across the municipality.

Advocacy and engagement

An Advocacy Strategy was adopted this year, setting out key issues for our communities and how Council can advocate for their improvement.

We were key supporters of the Swan Hill Needs a New Hospital Committee, and continued to lobby state governments for a solution on the Swan Hill bridge. Most recently we have sought to have the heritage listing removed from the current bridge to make way for a new one in the same location.

Studies were commissioned to determine Robinvale's true population and to come up with solutions to housing shortages. Once complete, these will give us evidence to push for improved services in Robinvale and better housing.

Councillors have also enjoyed Coffee with a Councillor and will continue visiting areas across the municipality to hear from you in relaxed settings.

Funding

We have had strong funding support from Federal and State governments this year.

One of the highlights was our role in achieving \$16.8 million from the Federal Regional Growth



Fund for Our Region, Our Rivers, which includes seven councils in Victoria and New South Wales. I was proud that our Council led the charge, bringing the other councils on board and presenting an attractive suite of river and lake front projects to this funding application process.

We were also successful in Federal and State grants for the Swan Hill active play and skate park, and pedestrian crossing from CBD to riverfront.

Thank you

I want to thank fellow Councillors for their commitment to improving our municipality for all. It is timely here for me to acknowledge the work of long-time Councillors John Katis and Gary Norton, who resigned during the 2018/19 year. They were passionate supporters of the Robinvale and Murray Mallee wards respectively.

I also thank residents, community groups, businesses and Council officers for contributing to the successes of 2018/19. I look forward to working with you again in 2019/20 and encourage you to get involved wherever you can.

Cr Ann Young
Mayor

The role of Council includes:

- Acting as a representative government by taking into account the diverse needs of the local community in decision making.
- Providing leadership by establishing strategic objectives and monitoring their achievement.
- Maintaining the viability of the council by ensuring that resources are managed in a responsible and accountable manner.
- Advocating the interests of the local community to other communities and governments.
- Acting as a responsible partner in government by taking into account the needs of other communities.
- Fostering community cohesion and encouraging active participation in civic life.

CEO's message

This Annual Report provides a great overview of Council's performance and areas for improvement in the 2018/19 year.

In Part 5 of this report, you will see our performance measured against Key Result Areas from our Council Plan, and Service Performance Indicators as set out by the State Government.

Some of the highlights from our Key Result Areas were:

- Determining the long-term site for the Swan Hill Regional Art Gallery – it will be one part of the new building on Monash Drive, Swan Hill, as part of the Our Region, Our Rivers project.
- Adopting the Recreation Reserves Masterplan – a 10-year plan for upgrades of recreation reserves across the municipality.
- Adopting a new Communication and Engagement Strategy and starting to implement actions, including Coffee with a Councillor.
- Implementing Child Safety Standards across the organisation, in response to recommendations and legislation from the Royal Commission.

It is also worth noting some of the achievements against our Service Performance Indicators, including a reduction in the amount of time it has taken us to finalise planning applications.

The Annual Report shows that all key financial ratios – debt commitment, working capital, revenue and debt servicing – remained steady and healthy.

Of our \$52.2 million in revenue, 53.1 per cent was drawn from rates and garbage charges, 27.9 per cent from grants, 8.7 per cent from user fees, and the balance from other sources.

We used \$12.2 million for capital works, including completion of the Lake Boga-Ultima Road



widening, Lake Boga Early Years Education Hub, Swan Hill Livestock Exchange redevelopment and Swan Hill CBD drainage.

As you will see throughout the report, there are many projects that started in 2018/19 and we look forward to working with you to complete and celebrate them in 2019/20.

This includes the vital studies into population and housing in Robinvale, the roll-out of projects from Our Region, Our Rivers funding, continued advocacy for the Swan Hill hospital and bridge, and new infrastructure like the Swan Hill boat ramp and skate park.

You can stay up to date with these projects throughout the year by following us on social media, and on Council's website. Of course, you can get in touch with Council to discuss your ideas or concerns via these channels too, at our regular Council meetings or in person.

John McLinden
Chief Executive Officer

The Chief Executive Officer is responsible for:

- Establishing and maintaining an appropriate organisational structure for Council
- Ensuring that the decisions of the Council are implemented without undue delay
- The day to day management of the Council's operations in accordance with the Council Plan
- Developing, adopting and disseminating a code of conduct for Council staff
- Providing timely advice to Council

Financial Summary

Operating result

On a full accrual basis the surplus for the year was \$7,395,186. It is important to note that this is an accounting profit after recognising non-cash items such as depreciation of \$8.53 million and the receipt of infrastructure assets created by developers.

Major revenue and expenditure items included in the operating result can be identified from the following graphs.

For more information on the comprehensive income statement, balance sheet and cash flows for the year, please refer to the audited General Purpose Financial Report in Part Eight of this Annual Report.

Revenue

Council's total revenue for 2018/19 was \$52.2 million as per the Comprehensive Income Statement. A breakdown of Council's revenue sources highlights that 89.6 per cent of Council's income comes from four income categories.

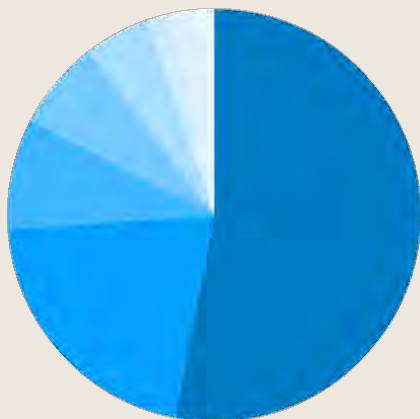
- Rates and garbage charges 53.1%
- Grants - operating 20.9%
- User fees 8.7%
- Grant - capital 7.0%

Expenditure

Council's total expenses for the 2018/19 year were \$44.8 million as per the Comprehensive Income Statement. A breakdown of Council's expenses highlights that 95.8 per cent relates to three expenditure categories.

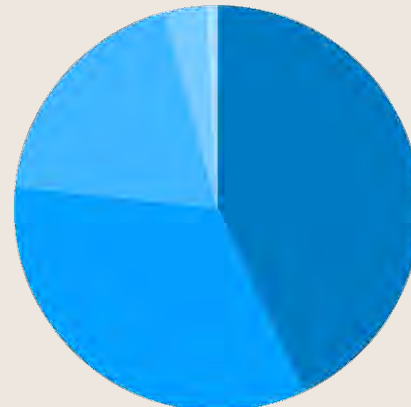
- Employee costs 42.9%
- Materials and services 33.8%
- Depreciation 19.1%

Total revenue (\$50.8 million)



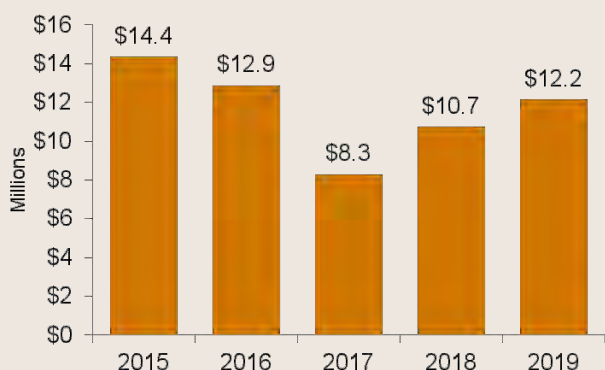
- Rates and garbage charges 53.1%
- Grants - operating 20.9%
- User fees 8.7%
- Grants - capital 7.0%
- Other revenue 5.1%
- Statutory fees and fines 2.0%
- Net gain on disposal of assets 1.9%
- Contributions 1.4%

Total expenditure (\$45.0 million)

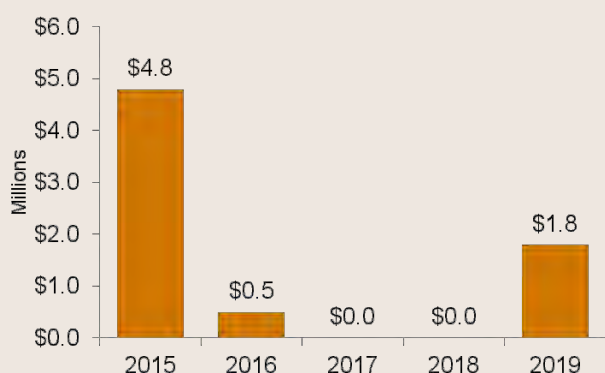


- Employee costs 42.9%
- Materials and services 33.8%
- Depreciation 19.1%
- Other expenses 3.4%
- Finance costs 0.7%
- Bad and doubtful debts 0.1%

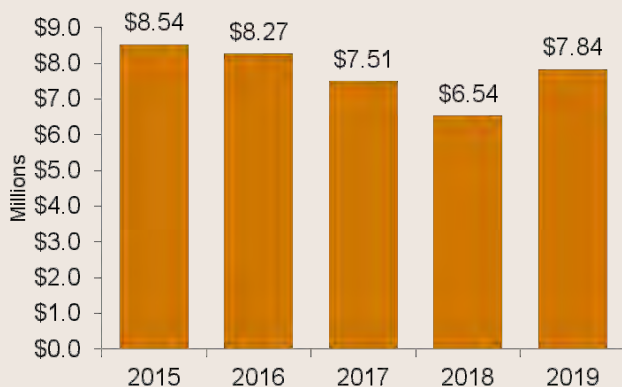
Purchase and creation of assets



New borrowings



Loan balance at 30 June each year



Loan repayments



Capital expenditure

During the financial year, Council spent \$12.2 million on capital works and asset purchases, bringing the five-year total of expenditure on fixed assets to over \$58.5 million.

The graph at right shows the level of expenditure spent on new and redeveloped assets over the past five years.

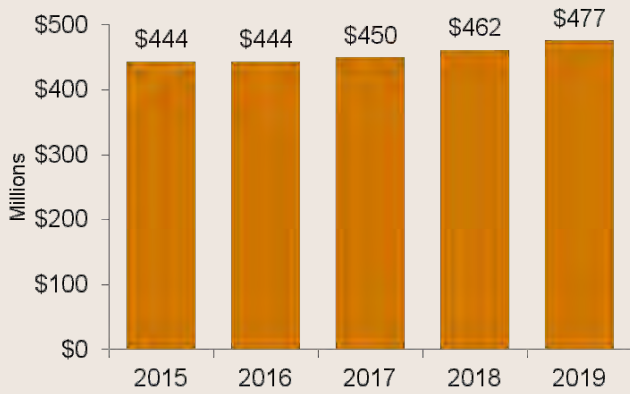
Major capital expenditure items were road networks, construction works at Tower Hill, construction of the Chisholm Reserve drag strip and the Livestock Exchange redevelopment.

Borrowings (excluding financial leases)

Loans are used to fund major capital projects and asset purchases. Loan funding allows the community to pay for the asset (such as a leisure centre) over some of the time that it is being used.

At 30 June 2019, Council had a loan liability of \$7.84 million. This is a planned and responsible level of debt, achieved in accordance with Council's borrowing strategy. Loan repayments are currently \$0.49 million per annum.

Total equity



Equity

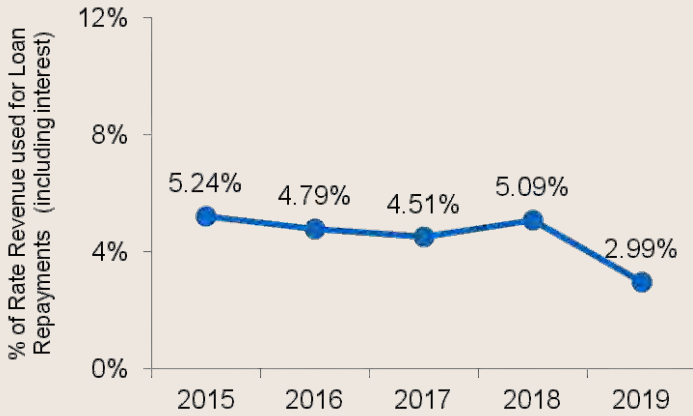
The Balance Sheet shows total community equity of \$477 million, represented by accumulated surplus and asset revaluation reserve.

The increase in equity is due to the revaluation of Council's land and building assets, and a \$7.4 million surplus in 2018/19.

This graph shows the movement in equity over the past five years.



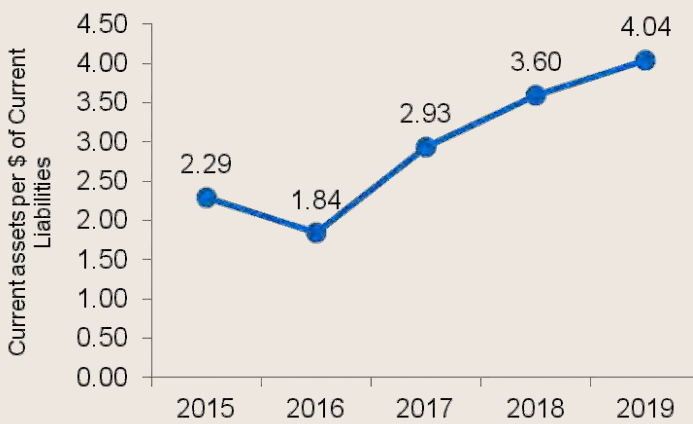
Financial indicators



Debt commitment ratio

The debt commitment ratio identifies the percentage of rate revenue required to pay interest and principal on Council's loans.

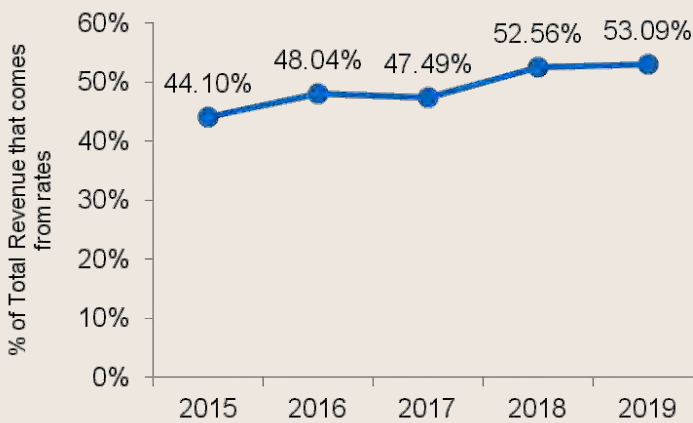
Closely tied to the Borrowing Strategy, the ratio shows that Council is in a healthy position and that it decreased marginally in 2019 due to the payout of a loan that fell due and due to the reduction of principal and interest loans Council now holds. Of the \$7.84 million in loans, \$5.3 million are interest only repayment.



Working capital ratio

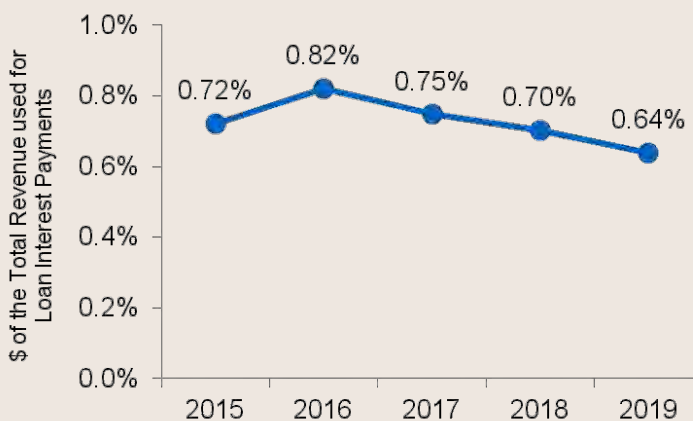
Working capital ratio shows the level of current assets Council has available to meet its current liabilities. The graph shows that the ratio is healthy and has increased over the past three years due to increased levels of cash holdings.

The ratio is expected to increase marginally in future years.



Revenue ratio

The revenue ratio shows rate revenue as a proportion of total revenue and seeks to measure Council's reliance on property rates. It is influenced by other revenue sources such as government grants, contributions, user fees and charges. This ratio remained steady for the past five years.



Debt servicing ratio

The debt servicing ratio shows the amount of rates required to pay the interest on Council's loan liability. This ratio documents that loan interest does not place a burden on finances.

Description of operations

Swan Hill Rural City Council plays a vital role in shaping the future prosperity, health and wellbeing of our municipality. Council aims to be progressive, dynamic and committed as we aim to achieve this.

Swan Hill Rural City Council delivers more than 100 services to our community.

These range from waste and road management, to managing and improving open space and community buildings.

We deliver services and facilities for children, young people, families and our elderly. We offer business development, town and strategic planning and community health initiatives.

Council's vision, strategic objectives and strategies to improve services and facilities are described in our Council Plan 2017-21 and the associated Budget.

The progress of these strategies and their delivery against the Budget is reported in this Annual Report. Refer to the section on Our Performance for more information about delivery of Council services.

The delivery of core services and facilities are measured by a set of Service Performance Indicators, as you will see in this report. We also track progress on the Initiatives set out in our Council Plan.

Council also has a wide range of responsibilities under both Victorian and Commonwealth legislations.

Economic factors

Council delivered its third budget under the 'Fair Go' rates system, with a state-wide rate cap of 2 per cent for the 2018/19 year.



Services provided

Council receives funding from a number of sources and had a budgeted income of over \$54.6 million in 2018/19. Below is a breakdown of the services Council delivered and what these cost, for every \$100 of expenditure.

\$12 Recreation and Community Facilities

Halls, parks, reserves, pools, playgrounds, sporting facilities and street beautification.

\$22 Transport Services

Maintaining over 3,000km of roads, footpaths, signs, street cleaning, tree maintenance and the aerodrome.

\$14 Governance and Administration

Municipal offices in Swan Hill and Robinvale, Councillor support, Council depots and plant equipment.

\$5 Community Care

Domestic assistance and property maintenance for our seniors.

\$7 Environmental and Waste Management

Recycling services, garbage collection, landfills, drainage and environmental management.

\$5 Cultural Services

Performing Arts, Libraries, Art Gallery and Indigenous Affairs.

\$4 Family, Youth and Children's Services

Services and support for families, children and youth.

\$6 Pioneer Settlement

Managing, marketing, maintaining and developing this premium tourist attraction, including Heartbeat of the Murray.

\$9 Economic Development and Marketing Services

Business development and investment, marketing of the region and leases of caravan parks.

\$9 Public Health, Safety and Regulatory Compliance

Animal control and registrations, parking, immunisations, emergency management, lighting and community health.

\$7 Other

Livestock Exchange, Tower Hill, property acquisitions and disposal, commercial works, planning and building services



Major capital works

During 2018/19 the major capital works included:

Swan Hill Regional Livestock Exchange redevelopment

Budget: \$1.94 million

The redevelopment included:

- new cattle yards and 10-way draft
- altered selling ring and building
- cattle troughs
- the scale house building
- sheep laneways and ramps
- three-bay truckwash

Tower Hill residential estate development

Budget: \$1.31 million

Stage 11 of the Tower Hill residential estate development, consisting of 24 blocks of residential land, was launched in December 2018.

Road reconstruction, sealing and maintenance

Budget: \$6.53 million

Roads around the municipality were reconstructed and/or resealed during 2018/19 including:

- Anuello-Wemen Road reconstruction - 3.8km
- Lake Boga-Ultima Road reconstruction - 5km
- Pental Island Road Floodway reconstruction - 1.65km
- Perrin Street resurfacing
- Coonimur-Piangil Road resheet - 3.8km
- Moondah Road reseal - 8km
- Bolton-Kooloonong Road reseal - 6km

Funding from the Federal Roads to Recovery program contributed to a number of these projects, as did the State Government's Local Roads to Market and Fixing Country Roads programs.

Lake Boga Pre-school



Budget: \$420,000

The redevelopment of the Lake Boga Pre-school included:

- Building extension to house Council's Maternal Child Health service, and increase capacity for the pre-school
- New kitchen, office and storage and bathroom facilities.

E-waste sheds



Council teamed up with Sustainability Victoria to build new e-waste drop-off points at the Swan Hill and Robinvale landfills.

Funding of \$200,000 was received from Sustainability Victoria for this project.

Perrin Street, Robinvale, reconstruction

Budget: \$405,000

Perrin Street, Robinvale was resurfaced using a new technology that repurposes recycled tyres.

In a first for Victoria, Council worked with Tyre Stewardship Australia - a company testing new mixes of crumbed rubber asphalt that can improve road durability and offer a use for the millions of used tyres generated each year.

This technology saved time and minimised disturbance in the area during construction. The project was also delivered well under budget.

Major changes

Family Day Care Service

Council ceased operating Family Day Care services on 30 June 2019. Experienced, rural community organisation Intereach will take over the service and continue providing Family Day Care to local families.

Councillor by-elections

Two new Councillors were elected following by-elections - Cr Jade Benham in the Robinvale ward and Cr Nicole McKay in the Murray-Mallee ward.

Major achievements

Swan Hill Regional Livestock Exchange redevelopment

Work started in December and was mostly complete when sales returned in March. More than \$1.64 million of work was awarded to Swan Hill-based contractors.

Our Region, Our Rivers

The Our Region, Our Rivers funding application, led by Swan Hill Rural City Council on behalf of seven local councils, was successful.

The Federal Government will contribute \$16.8 million to waterfront projects across the region, councils matching it.

Upgrading our rec reserves

The Recreation Reserves Masterplan and Recreation Implementation Plan were adopted.

These offer a 10-year, \$33 million plan to upgrade recreation reserves across the municipality.

Swan Hill boat ramp

Work started on the much-anticipated new boat ramp in Swan Hill. This project had faced challenges, having to achieve multiple approvals and dealing with timing issues related to river heights.

Advocacy campaigns

One of Council's key roles is to advocate on behalf of its community. In 2018/19, Council adopted an Advocacy Strategy, which sets out key areas of need and how Council can advocate for improvements. Some of the key projects within that strategy and our progress in 2018/19 include:

Swan Hill Bridge



Council is leading the conversation on the Swan Hill bridge replacement and working with VicRoads, RMS and Murray River Council to explore replacement options.

The group is now awaiting a decision from the NSW Government on removing the heritage listing on the existing Swan Hill bridge so that a new bridge can be built alongside it.

In 2018/19, Council also lobbied Federal Government for action on the bridge.

Deputy Prime Minister Michael McCormack saw the bridge firsthand when he visited Swan Hill to announce the Our Region, Our Rivers infrastructure funding in March (pictured). In April, \$60 million was allocated to the new bridge in the Federal budget.

Mayor Ann Young was also chair of the Central Murray Regional Transport Forum, whose strategy lists the replacement of the Swan Hill and Tooleybuc bridges as one of its priorities.

This strategy will be launched in 2019/20 and will be used to advocate for improved transport outcomes around the region.

Increased housing

The housing shortage in Robinvale is well known. Workers find it hard to get accommodation, and in some cases, end up living in sub-standard conditions.

The housing shortage also makes it challenging for industry to source workers.

Council hosted a housing forum summit in February 2018, bringing together industry, government and private sector to discuss the issues and possible solutions.

In July 2018, the State Government awarded Council a \$50,000 grant to develop the Robinvale Housing Strategy. This work is expected to be complete early in the 2019/20 year. The strategy will be used to plan and advocate for improvements, and will set out goals for all levels of government and the private sector.

Swan Hill Needs a New Hospital

Council's Advocacy Strategy sets out a goal to 'Participate in the community based Swan Hill Needs a New Hospital Committee at Councillor and senior officer level'.

This occurred in 2018/19, with Councillors and officers sitting on the committee and providing logistical support to the campaign.

Councillors used every opportunity to raise awareness with State and Federal government representatives (pictured).

In April 2019, Federal Health Minister Greg Hunt and Member for Mallee Andrew Broad announced a \$30 million commitment to a new hospital.

The committee and Council will continue to lobby State Government to complete masterplanning and to make a funding commitment.

Completion of Murray Basin Rail

In 2018/19, Council called on the State Government to confirm its commitment to standardising the Manangatang rail line.

Following a Council resolution in December 2018, Council wrote to Minister for Transport Infrastructure Jacinta Allan, calling on her to confirm the government's commitment to the Manangatang rail line standardisation, and to clarify the timeframes for delivery of a minimum 80km/h, 21 tonne axle load freight service to our region.

Council maintained its membership and involvement with the Rail Freight Alliance, which also lobbied the State on this issue.

Mayor Ann Young was also chair of the Central Murray Regional Transport Forum, whose strategy lists the completion of the Murray Basin Rail Project as one of its priorities.

This strategy will be launched in 2019/20 and will be used to advocate for improved transport outcomes around the region.



Australia Day Local Government Awards

Citizen of the Year - Sonia Cunning



Sonia has lived in Ultima for 17 years and is known for her community spirit and willingness to always help those in need.

She is the President of the Ultima Progress Association, the secretary of both the Ultima Golf Club and Ultima CFA and volunteers countless hours to these and other community based groups.

Sonia has played an integral role in seeing a number of community projects come to fruition in Ultima including the community garden and recently installed pump track.

She is passionate about bringing more people to the township of Ultima, and created the Bull Chuckers Not-for-a-sheep station Darts Weekend, which is now in its 14th year, and the Ball Whackers Not-for-a-sheep station Golf Weekend, now in its 12th year.

Sonia has volunteered countless hours at local football matches and assisted in fundraising for the Ultima Primary School, Ultima Football Netball Club and many more. Last year, in Bunnings barbecues alone, she helped raise close to \$10,000 for various Ultima community groups.

Young Citizen of the Year - Chelsea Tofful



Chelsea has been passionate about athletics from a young age.

She has proudly represented Swan Hill Little Athletics Club, Swan Hill Primary School and MacKillop College at a number of high level competitions including the Stawell Gift, State School Athletics Championships, State Relay Championships and Victorian Country Championships.

Chelsea has shown commitment to her success by undertaking the extensive travel needed to attend training and events, all while ensuring she rarely misses school and undertakes all the necessary work to complete her VCE.

Off the athletics field, Chelsea is also an avid gymnast and, for the past 12 months, has worked as a gymnastics coach after school.

Chelsea is also a passionate advocate for the Australian Red Cross Blood Service and championed a blood donation campaign in primary school, urging school teachers to become blood donors.

Community Events of the Year

Robinvale Euston 2018 Working Group

The 1918 Battle of Villers-Bretonneux in France was described as a crucial turning point of World War 1. The people of Villers-Bretonneux have never forgotten the role that Australian soldiers played in saving their town and forcing back German forces. Because of the strong connections between Robinvale and Villers-Bretonneux, and Euston's connection to France, the two communities united to commemorate the battle's centenary in 2018 – on 24 April.

Country Week Tennis

Country Week is the largest grassroots tennis event in Australia. The week-long round robin event attracts as many as 1500 competitors and injects up to \$1.5 million into the local economy. 2018 was the 16th time that Swan Hill had hosted Country Week, and feedback from participants and Tennis Victoria was overwhelmingly positive.



Student Achievement award winners

Jethro Edullantes	St Mary MacKillop College
Hana Roberts	St Mary MacKillop College
Lachlan Caffrey	Swan Hill College
Chandelle Hazlett	Swan Hill College
DJ Weaver	Swan Hill Specialist School
Jai Robinson	Son Centre Christian College
Gabby Atkinson	Swan Hill Primary School
Nghia Nguyen	Swan Hill North Primary School
Sofie Mazzotta	St Mary's Primary School
Emilie Ward	Woorinen District Primary School
Amy Van Liessum	Beverford Primary School
Jacob Thompson	Lake Boga Primary School
Tyson Mitchell	Ultima Primary School
Haidee Maher	Nyah District Primary School
Jorja Plant	Manangatang P-12 College
Emma Templeton	Manangatang P-12 College
Pala Kuma	Robinvale St Mary's Primary School
Tusi Fuanaki	Robinvale Secondary College





Part three

Our Council

Our history

For thousands of years, the traditional owners of the lands that now form the Swan Hill Rural City Council lived in the region, with the land providing abundant food sources and a permanent water supply.

In 1836, led by explorer Major Thomas Mitchell, the first Europeans arrived. Settlers started to arrive soon after, establishing large sheep stations next to the Murray River.

In 1871, the Shire of Swan Hill was proclaimed and was located in Kerang (which now forms part of the Gannawarra Shire).

In 1893, the Shire of Castle Donnington was created and centered around the town of Swan Hill. By 1904 it had assumed the name Shire of Swan Hill.

The Borough of Swan Hill was formed in 1939 and in March 1965 became the City of Swan Hill.

Thirty years later, in January 1995, the Shire and the City were amalgamated to form Swan Hill Rural City Council.



Our municipality's profile

The municipality covers 6,116 square kilometres and is home to 20,759 people.

It includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco.

Featuring a modern and thriving regional centre, the Swan Hill municipality also boasts the characteristics of rural living, including a strong community and relaxed lifestyle.

With more than 40 commercially grown products – including almonds, olives, stonefruit, grapes, vegetables, cereals, legumes, lucerne, sheep, beef and dairy – it is easy to see why our municipality is an important part of Victoria's food bowl.

Located on the Murray River, tourism also plays an important role in our region's economy. Our climate and natural beauty attracts about 750,000 visitors each year, injecting \$95 million into the local economy.

Our municipality is also proud to have more than 40 nationalities among its community and a population that is welcoming and resilient.

Continued investment and a strong focus on long-term growth and sustainability remain high priorities for Council.

The Council sets a number of initiatives and targets through each four-year Council Plan, which helps establish the foundations to achieve our vision during the next 30 years.

Councillors

The Council is elected to provide leadership and good governance for the municipal district and the local community.

The municipality is divided into four wards, however the seven Councillors are elected as representatives for all residents and ratepayers across the municipality.

They have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.



**Cr Ann
Young -**

**Mayor
Central Ward**
Elected 2016
(M) 0409 503 711



**Cr Lea Johnson
Central Ward**
Elected 2016
(M) 0487 770 456



**Cr Bill Moar
Central Ward**
Elected 2016
(M) 0429 496 194



**Cr Chris Jeffery
Central Ward**
Elected 2016
(M) 0429 447 802



**Cr Les McPhee
Lakes Ward**
Elected 2008
(M) 0427 319 394



**Cr Jade Benham
Robinvale Ward**
Elected 2019
(M) 0436 804 012



**Cr Nicole McKay
Murray Mallee Ward**
Elected 2019
(M) 0436 299 842



**Cr Gary Norton
Murray Mallee Ward**
Elected 2003, retired 2019



**Cr John Katis
Robinvale Ward**
Elected 1997, retired 2019

Community Satisfaction Survey

Each year, Local Government Victoria coordinates a state-wide Local Government community satisfaction survey. The survey measures the community's perceptions of their local council's performance in key areas.

During February and March 2019, a total of 400 residents from across the municipality provided their feedback via a telephone survey.

Overall performance

The overall performance index score of 54 for Council represents a significant decrease on the 2018 result. Overall performance remains five points down on the peak performance experienced both last year and in 2015 (index scores of 59).

Top performing areas

Council's three highest performing services are:

- Customer service
- Community consultation and engagement
- Lobbying and advocacy

Areas for improvement

Council's two poorest performing services are:

- Sealed local roads
- Community decisions



for overall performance

State average - 60

Large rural council - 56



for overall Council direction

State average - 53

Large rural council - 51



for community consultation

State average - 56

Large rural council - 54



for customer service

State average - 71

Large rural council - 69



for advocacy

State average - 54

Large rural council - 52



for making community decisions

State average - 53

Large rural council - 52



for sealed local roads

State average - 56

Large rural council - 47

Full survey results are available on Council's website - www.swanhill.vic.gov.au



Part four

Our people

Executive Leadership Team

Council is the governing body that appoints a Chief Executive Officer (CEO). The CEO is responsible for the day-to-day management of operations, in accordance with the strategic directions of the Council Plan. Four Directors and the CEO form the Executive Leadership Team (ELT) and lead the organisation.



John McLinden - Chief Executive Officer

John joined Council as its Chief Executive Officer in March 2016. He was previously the Chief Executive Officer of Loddon Shire Council, a position he held since 2005. John, who has a wealth of experience in Local Government, was previously the Director Operations (and formerly Director Technical Services) at Loddon Shire Council since local government amalgamations in 1995. A qualified engineer, he has also held engineering positions at the Shire of Rosedale, City of Broadmeadows and the Shire of Colac.



Heather Green - Director Development and Planning

Heather started as Council's Director Development and Planning in July 2017. She has extensive local and state government experience across Australia. During her nine years as a manager and director at Victoria's Alpine Shire Council, she focused on sustainable development, planning, tourism and economic development. Heather was at Toowoomba for 15 years as the Manager of Strategic Planning. And during her time working for the Northern Territory Government as the Katherine Land Manager, she oversaw planning, Crown leases and grazing licences. Heather has a Bachelor of Applied Science (Planning).



David Lenton - Director Corporate Services

David is a qualified accountant who joined Swan Hill City Council (now Swan Hill Rural City Council) as Finance Manager in December 1992. Since the amalgamation of the City and Shire of Swan Hill in January 1995, David has held the positions of Financial Controller and Finance and Administration Manager. In 2001 David was appointed as Group Manager Corporate Services, later being reclassified as Director Corporate Services. Before joining Local Government, David worked for 14 years in various finance roles with a large multi-national company in the private sector.



Bruce Myers - Director Community and Cultural Services

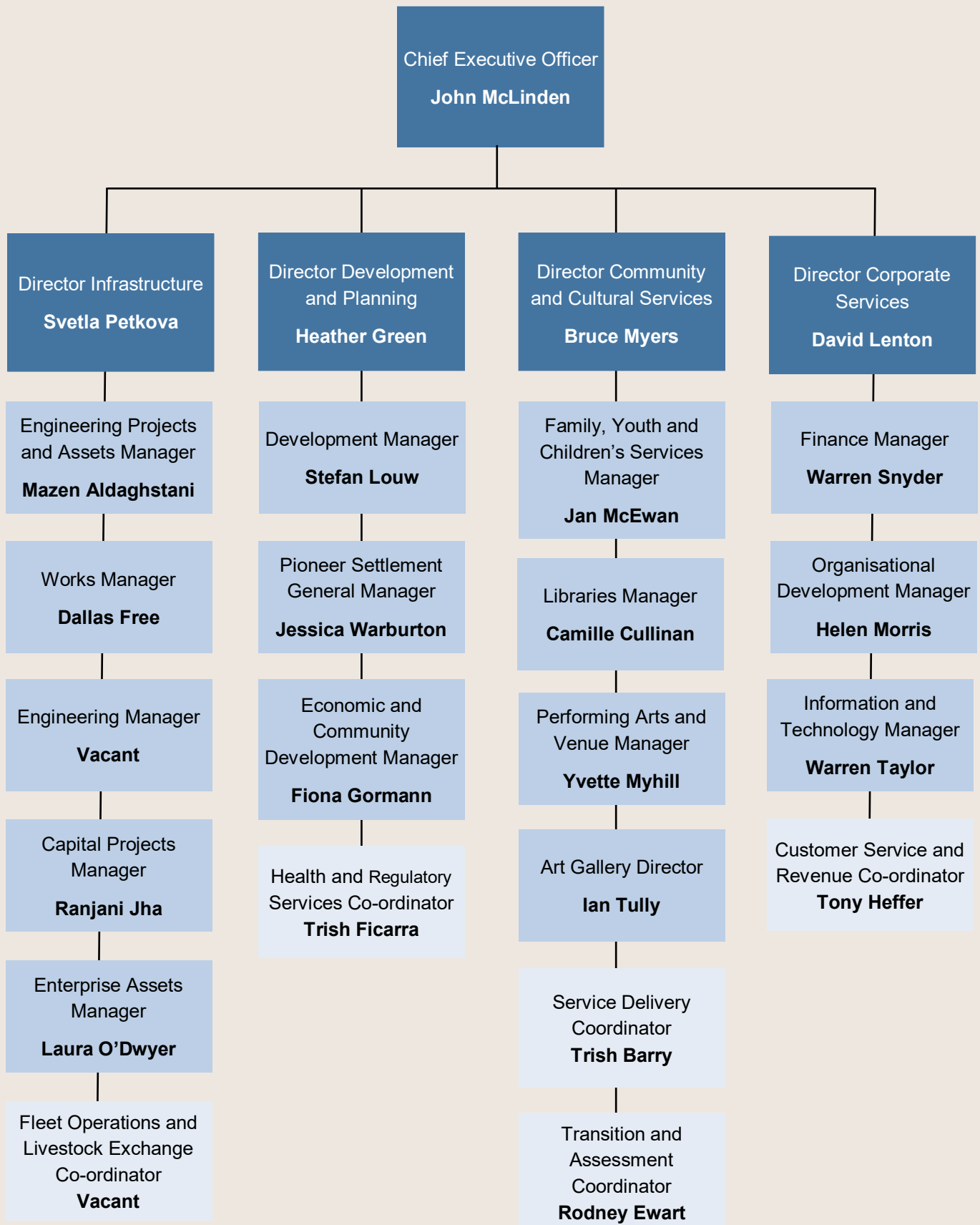
Bruce is a qualified librarian who started his career at the Swan Hill Regional Library, managing the mobile library, in 1994. From 1998 until 2007 Bruce was Manager of the Library. Bruce became the Director Community and Cultural Services in 2007. He now heads a team of about 90 people involved with a wide range of community services, including community-based aged care, children's and youth services and cultural experiences.



Svetla Petkova - Director Infrastructure

Svetla began as Director Infrastructure at Council in December 2017. Svetla is a qualified engineer with a Bachelor of Engineering, a Masters in Engineering, and a PhD in Fluid Mechanics. Before joining Council, Svetla spent more than a decade working in asset management and project delivery in the Victorian water industry, and enterprise asset management within local government in Queensland. As Director Infrastructure, she oversees infrastructure projects and services, manages Council's environmental and natural resource programs, and manages and maintains Council assets.

Organisational structure

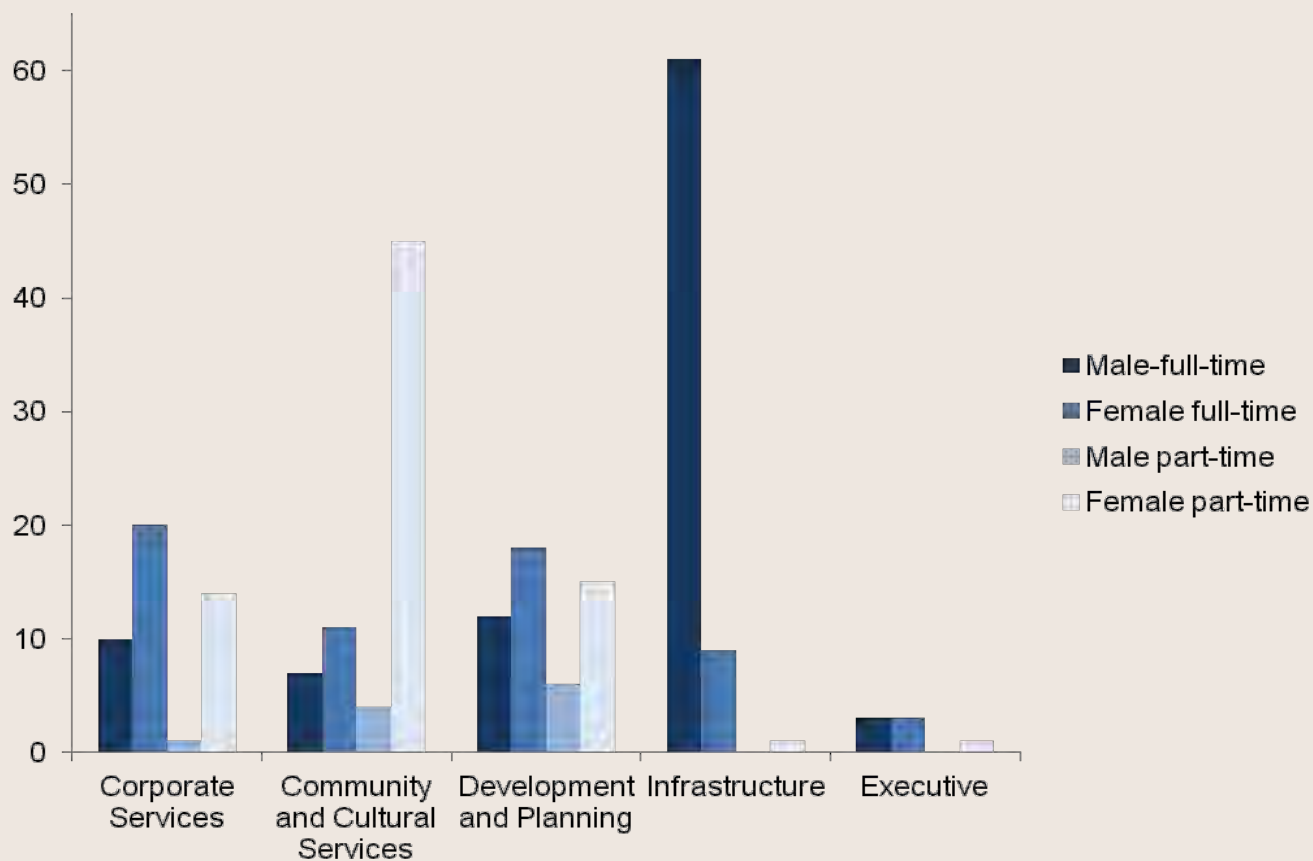


Council employees

A summary of the number of full time equivalent (FTE) Council staff by organisational structure, employment type and gender is set out below.

Directorate	Male full-	Female full-	Male part-	Female part-	Casual	Total staff	Male total	Female total	EFT total
Corporate Services	10.0	20.0	1.0	14.0	-	45.0	10.7	30.5	41.1
Community and Cultural Services	7.0	11.0	4.0	45.0	16.0	83.0	10.3	40.8	51.1
Development and Planning	12.0	18.0	6.0	15.0	9.0	60.0	14.9	29.6	44.4
Infrastructure	61.0	9.0	-	1.0	-	71.0	61.0	9.3	70.3
Executive	3.0	3.0	-	1.0	-	7.0	3.0	3.7	6.7
Total	93.0	61.0	11.0	76.0	25.0	266.0	99.9	113.9	213.8

Number of staff (FTE)



Council employees

A summary of the number of full time equivalent (FTE) staff categorised by employment classification and gender is set out below.

Employment Classification	Male EFT	Female EFT	Total EFT
Band 1	-	0.7	0.7
Band 2	1.7	2.1	3.8
Band 3	41.2	25.2	66.4
Band 4	10.9	26.9	37.8
Band 5	8.7	21.5	30.2
Band 6	11.4	12.8	24.2
Band 7	3.0	3.7	6.7
Band 8	-	1.0	1.0
Non-banded positions (includes salary packages)	23.0	20.0	43.0
Total	99.9	113.9	213.8

Valuing our people

At Swan Hill Rural City Council, we recognise the importance that each individual plays in achieving our goals.

Our aim is to ensure that Council is a great place to work, where the capability of our people is nurtured and performance is focused on delivering exceptional service for our communities.

These priorities drive the activities, policies and procedures implemented to ensure that Swan Hill Rural City continues to be a great place to work.

Council's staff strategies include:

- A focus on extending the skills of staff to increase efficiency.
- Ongoing implementation of the workforce strategy including: succession planning, recruitment and retention of staff, apprenticeships, traineeships and/or scholarships, and accessing non-customary employment pools.
- Offering phased retirement options to extend the careers of higher skilled staff.
- Ongoing development of systems and processes to continually improve productivity.

Other staff matters

Equal Employment Opportunity Program

As an equal opportunity employer, we are dedicated to providing a workplace where diversity is embraced and decisions are merit-based. This includes ensuring fair, equitable and non-discriminatory consideration being given to all job applicants, regardless of age, sex, disability, marital status, pregnancy, sexual orientation, race, religious beliefs or other irrelevant factors.

We recognise our pro-active duty to ensure compliance with equal opportunity and Council ensures all staff undertake mandatory equal opportunity training every three years.

Our Equal Employment Opportunity Policy and Procedure supports our organisation in fulfilling its obligations under the *Equal Opportunity Act 2010*. In 2018/19, 119 employees undertook Equal Opportunity training, as well as 151 employees successfully completing Culture at Work training.

Council also has an online bullying and harassment course, with 117 staff completing this training. Equal opportunity is also covered in policy and procedure training and all staff are informed of Council's dedication to equal opportunity during staff induction. We have six equal opportunity contact officers available to provide guidance and assistance.

Scholarship Program

Council's Scholarship Program supports up to seven local students who are completing undergraduate or TAFE studies during the school year. In addition to financial support, students receive valuable on-the-job experience by working at Council during semester breaks.

Students participating in the program are:

- James Schifferle, Bachelor of Computer Science in the IT Department.
- Jacob Mathieson, Bachelor of Environmental and Conservation Science at the Swan Hill Depot.
- Tessa Myers, Bachelor of Psychological Science in the Economic Development Department.
- Meg Garvie, Bachelor of Human Services / Masters of Social Work at Youth Inc
- Noah Angus, Bachelor of Civil Engineering (Honours), in the Engineering Department
- Anna Quinn, Bachelor of Commerce in the Economic Development Department.



Enterprise bargaining agreement

In July 2018, the Consultative Committee comprising management representatives, nominated workplace union delegates and union industrial officers negotiated a new Enterprise Agreement for Council employees. As a result, a new Enterprise Agreement was successfully negotiated and approved by Fair Work Australia, with an operative date of 22 March 2019 for a period until 30 June 2021.

Professional development

Council continues to be at the forefront of professional development and training options for staff. More than 4,500 hours of organisational training was provided to staff during the year, or 22 hours per EFT.

Social and Emotional Intelligence Profile (SEIP) training was offered to a number of officers, identifying an individual's social and emotional intelligence strengths and development opportunities. In addition, staff completed three coaching and mentoring sessions.

Council also offers study assistance for staff undertaking relevant undergraduate or postgraduate studies.

Fast facts

More than **4,500** hours of organisational training was provided during 2018/19.

That equates to **22** hours of training per EFT employees

187 online E3 learning courses are available to Council employees

Online training

Council continued to offer an expanded suite of compliance courses through e3learning - an online learning program.

All internal courses are developed with industry experts and the courses are delivered in an engaging and easy to use format.

Courses are designed in line with relevant legislation, are fully customisable and are suitable for Council.

The system also allows both administrators and end users to record attendance and completion of in-person training (accredited and non-accredited).

Health, safety and wellbeing

Council continued its commitment to staff health, safety and wellbeing by continuing several programs to encourage a healthy lifestyle and improved work/life balance. Programs include:

- Ergonomic assessments
- OHS and manual handling training
- Providing sunscreen and insect repellent
- Six-weekly issues of the HR Newsletter outlining Council policies and procedures, professional development and wellbeing
- Council's first inventory of first aid kits along with auditing to ensure in-date contents
- Employee wellbeing initiatives including the flu vaccination program undertaken by Council's Public Health Unit, and subsidised gym memberships
- Ongoing compliance with the MAV WorkCare Self-insurance Scheme
- Ongoing provision of Council's Employee Assistance Program for employees requiring support and/or counselling for work and non-work related matters.

OHS Committee

Council's OHS Committee consists of management and staff representatives. The committee meets every two months to review policies, review hazard and injury incidents, discuss workplace OHS issues and identify opportunities to improve Council's OHS performance. The committee met six times during 2018/19.

In 2018/19 there were 23 reported injuries compared to 19 in the previous year. There were five lost time injuries (standard WorkCover Claims), compared to six in the previous financial year.



Staff service awards

Every year Council acknowledges service and presents awards to staff who have reached service milestones. Ten staff were presented with Staff Service Awards at the annual all-staff function in August 2018.

10 years

Camille Cullinan
Katie Mathieson

20 years

Ainslie Guymer
Robyn Leslie
Bryan Donhardt
Leanne Moroney

25 years

Mark Smith
David Lenton
Leah Farrow

35 years

Graham Jarvie



Staff Recognition Awards

Pioneer Settlement General Manager Jessica Warburton won the overall 2018 Staff Recognition Award.

She lead change at the Pioneer Settlement that resulted in improvements in resource use, and putting in place actions to increase income, reduce costs, improve customer service, improve merchandising, and increase site usage by schools, and for weddings.





Part five

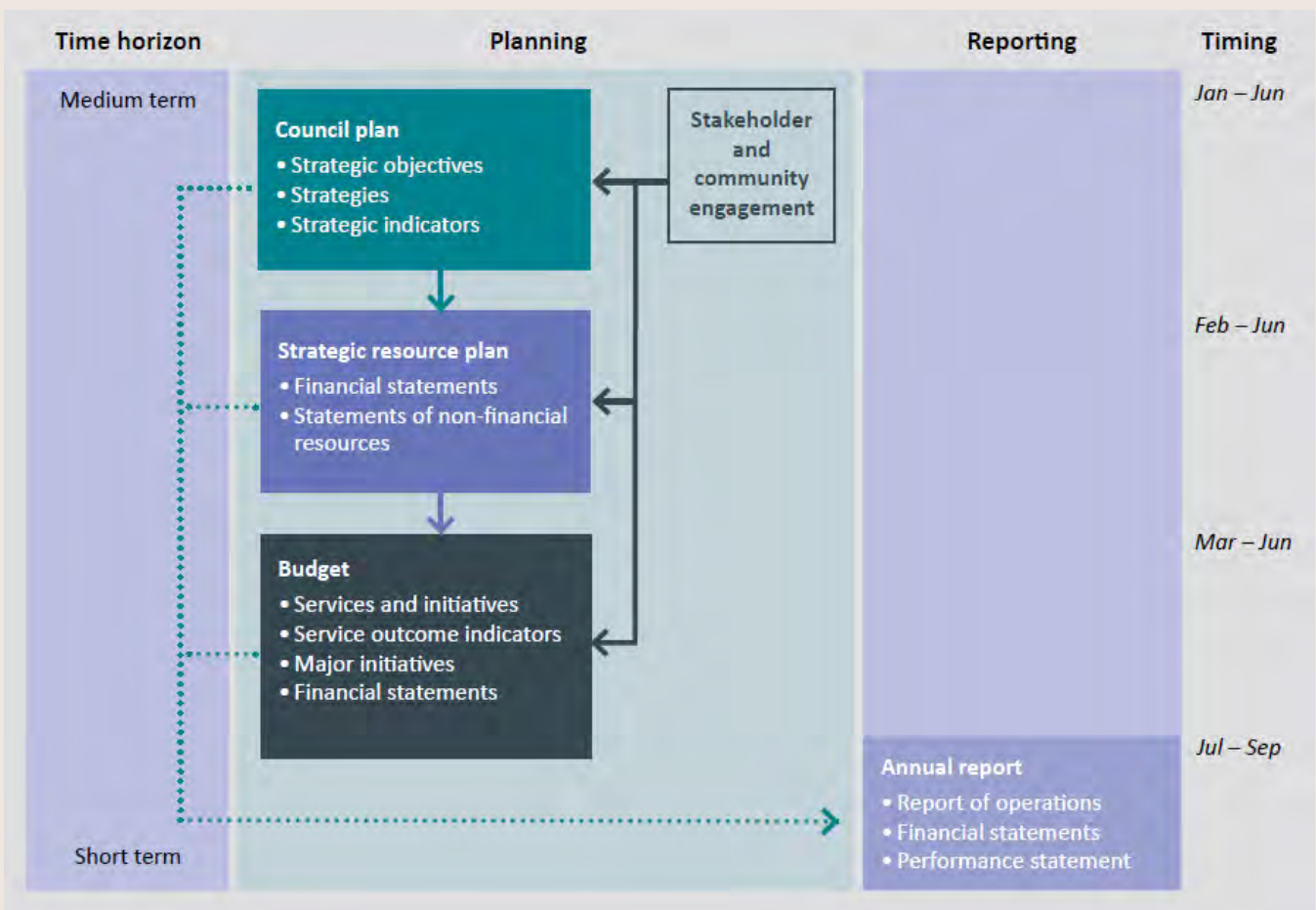
Our performance

Our performance

The Planning and Accountability Framework is found in part 6 of the *Local Government Act 1989* (the Act). The Act requires councils to prepare the following planning and reporting documents:

- A council plan within the six months after each general election or by 30 June, whichever is later
- A strategic resource plan for a period of at least four years and include this in the council plan
- A budget for each financial year
- An annual report in respect of each financial year.

The following diagram shows the relationships between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.



Council Plan

The Council Plan 2017-21 includes strategic objectives, strategies for achieving these for the four year period, strategic indicators for monitoring achievement, and a strategic resource plan.

Performance

Council's performance for the year has been reported against each Key Result Area to demonstrate how Council is performing in relation to the 2017-21 Council Plan.

Performance has been measured as follows:

- Results achieved in relation to the strategic indicators in the Council Plan.
- Progress in relation to the major initiatives defined in the Budget.
- Services funded in the Budget and the persons or sections of the community who are provided those services.
- Results against the prescribed Service Performance Indicators and measures.

Our key result areas	
Economic Growth	<p>We will:</p> <ul style="list-style-type: none"> • Encourage and attract new business to our region. • Assist existing businesses to expand and increase their efficiency. • Have a region with an equipped and productive workforce. • Provide land use planning that is responsive and which proactively encourages appropriate development.
Community Enrichment	<p>We will:</p> <ul style="list-style-type: none"> • Help all people to find a place in our community. • Provide services and support initiatives that create a healthy and safe community. • Develop a community with a sense of pride and responsibility/ownership that strives to achieve its aspirations.
Infrastructure	<p>We will have:</p> <ul style="list-style-type: none"> • Infrastructure that appropriately services community needs. • Infrastructure that is provided and appropriately maintained in accordance with agreed standards. • A strong focus on asset management systems and planning.
Governance and Leadership	<p>We will have:</p> <ul style="list-style-type: none"> • Positive community engagement through appropriate and constructive consultation. • Effective and efficient utilisation of resources. • Effective partnerships and relationships with key stakeholders and staff. • Effective advocacy and strategic planning.
Environment	<p>We will have:</p> <ul style="list-style-type: none"> • Sound policies and practices that protect and enhance our environment. • A waste management program that is environmentally and financially sustainable.

Key Result Area 1: Economic Growth

Council Plan Initiatives

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic initiatives included in the Plan.

✓ Completed >> In progress/continuing in 2019/20 - Carried over to 2019/20

Council Plan Initiative	Action	Status
Identify the types of businesses suited to this region and develop investment prospectuses	Perform an industry gap analysis	>>
Investigate and identify potential export opportunities and facilitate connections	Analyse the region's products and identify where we have competitive advantages that may provide opportunities for growth	>>
Pursue new businesses that are upstream processors for our local produce	Engage with local industry to identify opportunities	>>
Increase the availability of appropriate housing to support growth of industry and agriculture	Investigate the housing needs and identify appropriate solutions	>>
Encourage the growth of agriculture through appropriate advocacy and strategic planning	Advocate for improved transport links	✓
Investigate opportunities for agricultural businesses to establish new enterprises	Engage with local industry to identify opportunities, for example clean energy on farms	✓
Encourage organisations to joint tender for works and services	Investigate and where possible implement shared contracts and services with the region's councils	>>
	Conduct workshops and provide advice to local business and tenderers to improve their tendering processes	>>
Actively pursue opportunities for regionally focused infrastructure	Advocate for additional and upgraded infrastructure that will improve efficiency of local businesses e.g. rail freight	>>
	Advocate for adequate and alternative utilities supplies	>>

Council Plan Initiative	Action	Status
Encourage and assist existing business to pursue value adding to their industry	Undertake forums and discussions with industry to understand opportunities	>>
	Complete an analysis of relevant industry data	>>
Improve the commercial position of the Pioneer Settlement	Enhance the Heartbeat of the Murray night time product by improving operational effectiveness and adding additional elements to the visitor experience	✓
	Review the promotion plan	✓
Encourage the development of appropriate accommodation for various workforces	Review the Municipal Strategic Statement (MSS) and Planning Scheme to ensure diverse housing and land is available	>>
	Investigate opportunities for improved public transport	>>
Review of the availability and suitability of industrial land in Swan Hill and Robinvale	Completed an Industrial Zones Strategy	>>
Formulate new ways to encourage new business development	Develop a business expansion strategy	✓
	Commence an Investment Attraction campaign	>>
Investigate and identify potential export opportunities and facilitate connections	Investigate what role Council can play with development of new markets	-
Promote new technologies and ways of working	Investigate and market opportunities for internet based businesses	-
Investigate opportunities for Agricultural businesses to establish new enterprises	Investigate opportunities for agri-tourism products and experiences e.g. paddock to plate, farm stays	>>

Council Plan Initiatives continued

✓ Completed >> In progress/continuing in 2019/20 - Carried over to 2019/20

Council Plan Initiative	Action	Status
Investigate options for investment in renewable energy technologies for the municipality	Complete and adopt a study	>>
Assist local businesses to up-skill and retrain their workforce	Identify skills shortages and training gaps	>>
	Advocate for support for regional training opportunities	-
Implement the Workforce Development Strategy	Complete a project to quantify labour force data from within the municipality, with a particular focus on agricultural sector	>>
Investigate and develop options for de-watered farming land	Complete audit of areas with de-watered land	✓
Review of the availability and suitability of industrial land in Swan Hill and Robinvale	Amend planning scheme as appropriate	>>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018/19 Budget.

Major Initiative	Progress
Provide seed funding for economic development initiatives (Budget: \$80,000 Actual: \$83,145)	Complete
Upgrade the Pioneer Settlement day product (Budget: \$150,000 Actual: \$122,300)	Complete
Tower Hill residential estate development (Budget: \$1,313,170 Actual: \$392,120)	Incomplete. Project to be completed in 2019/20
Conserve and restore the PS Gem (Budget: \$35,395 Actual: \$95,650)	Complete. Additional \$50,000 grant funding received for the project.
Livestock exchange redevelopment (Budget: \$1,152,000 Actual: \$2,120,485)	Complete. Actual includes carried forward funds from the 2017/18 Budget



Services funded in 2018/19 Budget

The following statement provides information in relation to the services funded in the 2018/19 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget <u>Actual</u> Variance \$000
Building and planning statutory services	Provide statutory planning services including processing all planning applications, providing advice and making decisions about development proposals that require a planning permit. Representing Council at the Victorian Civil and Administrative Tribunal where necessary. Monitor Council's Planning Scheme and prepare major policy documents shaping the future of the municipality. Provide statutory building services to the community, including processing building permits, emergency management responsibilities, fire safety inspections, swimming pool barrier audits and complaints, and illegal building works investigations.	522 <u>378</u> (144)
Caravan parks	Provide and maintain caravan park facilities to a standard that promotes local tourism and supports a high quality of life.	(67) <u>(115)</u> (48)
Economic development	Assist the organisation with economic development to facilitate an environment that is conducive to a sustainable and growing local business sector, and provides opportunities for local residents to improve their skill levels and access employment.	357 <u>488</u> 131
Livestock exchange	Provide a livestock selling facility and associated services to primary producers, purchasers and stock agents.	894 <u>1466</u> 572
Pioneer Settlement	Care for and conserve the Pioneer Settlement and its collection. Market and promote the Settlement as a tourist destination, provide quality visitor programs and promote the sale of merchandise as an additional source of income.	835 <u>1000</u> 165

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Results 2016	Results 2017	Result 2018	Result 2019	Material Variation
Statutory Planning					
Timeliness					
<i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	53	53	57	47	In 2018/19, Council's planning department was fully staffed allowing for faster processing times.
Service standard					
<i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x 100	76%	82.69%	70.55%	82.63%	In 2018/19, Council's planning department was fully staffed allowing for faster processing times.
Service cost					
<i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]	\$3,372.75	\$2,559.57	\$2,867.51	\$2,540.06	The direct cost of the statutory planning service has reduced as Council did not engage contractors in 2018/19.
Decision making					
<i>Council's planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100	-	50%	-	-	

Key Result Area 2: Community Enrichment

Council Plan Initiatives

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic initiatives included in the Plan.

✓ Completed >> In progress/continuing in 2019/20 - Carried over to 2019/20

Council Plan initiative	Action	Status
Review and implement the Aboriginal Partnership Plan	Undertake initiatives with the intent to work toward developing a Registered Aboriginal Party (RAP)	>>>
Investigate opportunities to develop Aboriginal leadership capabilities	Investigate leadership opportunities e.g. scholarship, grants, host a forum with young people and local service providers	>>>
Establish and maintain partnership with organisations that support Culturally and Linguistically Diverse (CALD) communities	Review of service access plans to ensure inclusion	✓
Strengthen our connection with youth	Review the structure of the Youth Council with young people	✓
	Develop work placement and work experience programs	>>>
Develop and implement Cultural Services Plan	Develop and adopt a plan	✓
Plan for the development of the Swan Hill Regional Art Gallery precinct	Determine the long-term site for Swan Hill Regional Art Gallery	✓
	Prepare final Gallery designs for approval and costed	>>>
Strategically position Council's ongoing role regarding the community-based aged care reforms	Produce an options paper on integration of Commonwealth Home Support Program to National Standards	✓
	Develop Positive Ageing Plan	-

Council Plan initiative	Action	Status
Review and determine Council's role in early years and child care services	Review early years services	>>
	Produce a report on outcomes and provide recommendations	>>
	Develop an Early Years Plan (EYP)	>>
Improve personal and community safety by working with partners on community safety issues	Promote awareness of the Community Charter for the Prevention of Violence against Women	>>
	Implement the requirements of Child Safety Standards	✓
Expand library services in Robinvale and review the delivery of library services in our small communities.	Develop an effective partnership arrangement with Robinvale P-12 College	>>
Investigate the need for an off leash dog park	Develop a project scope if the community need is identified	>>
Support the capacity of communities to self-manage and self-regulate.	Implement ways to encourage all communities to actively participate in the community grants program	>>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018/19 Budget.

Major Initiative	Progress
Prepare designs for the Swan Hill Regional Art Gallery extension (Budget: \$300,000 Actual \$32,775).	Incomplete. To be completed in 2019/20.
Continue to engage a Rural Access Co-ordinator with the aim of creating inclusive communities (Budget: \$163,670 Actual: 113,835).	Complete.
Continue implementing Community Plans and projects (Budget: \$591,440 Actual \$158,980).	Incomplete.
Host the Fairfax Festival (Budget: \$101,350 Actual: \$70,335).	Complete.
Implement Youth Strategy – FREEZA activities (Budget: \$42,025 Actual \$25,170).	Incomplete. To be completed in 2019/20.



Services funded in 2018/19 Budget

The following statement provides information in relation to the services funded in the 2018/19 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget <u>Actual</u> Variance \$000
Aged and disability services	A range of home and community care services for the aged and people with a disability including home delivered meals, personal care, transport, dementia care, home maintenance, housing support and senior citizen clubs.	97 <u>(65)</u> (162)
Family and children services	Family oriented support services including pre-schools, maternal and child health, youth services, family day care, out of school hours, and holiday programs.	853 <u>596</u> (257)
Community development	Effective and ongoing liaison with, and support to, community and recreation groups. Support for the development and implementation of Community Plans and liaison with our Indigenous community.	1,191 <u>1,592</u> 401
Leisure centres	A wide range of programs and services giving the community a chance to participate in cultural, health, education, and leisure activities that contribute to the community's general wellbeing.	1,340 <u>922</u> (418)
Public health and regulatory services	Co-ordinating food safety, immunisations and management of public health concerns to ensure an acceptable state of physical, mental and social wellbeing is maintained within the community. This service also provides staff at school crossings throughout the municipality, animal management services, parking control and enforcement and provides education, regulation and enforcement of the general Local Law and relevant state legislation.	560 <u>461</u> (99)
Cultural services	Performing arts, art gallery and library services. This is a customer-focused service that caters for the cultural, educational and recreational needs of residents, while offering a place for the community to meet, relax and enjoy the facilities and services. Includes the operation and maintenance of the Swan Hill Town Hall and Performing Arts Centre.	1,951 <u>1,554</u> (397)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Results 2016	Results 2017	Result 2018	Result 2019	Material Variation
Maternal Child Health					
Satisfaction					
<i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x 100	96.69%	96.25%	90.35%	94.90%	
Service standard					
<i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100	100.00%	100.63%	100.00%	100.00%	
Service cost					
<i>Cost of the MCH service</i> [Cost to Council of the MCH service / Hours worked by MCH nurses]	\$72.16	\$73.87	\$94.60	\$81.12	The Maternal Child Health service engaged fewer agency and temporary staff in 2018/19, and employee costs were lower than in 2017/18.
Participation					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	75.38%	73.28%	73.03%	73.14%	
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	43.73%	41.88%	62.18%	60.08%	

Service/Indicator/Measure	Results 2016	Results 2017	Result 2018	Results 2019	Material Variation
Animal Management					
Timeliness					
<i>Time taken to action animal requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1.0	1.0	1.0	2.0	Council received 2306 animal complaints in 2018/19 compared with 1453 animal complaints in 2017/18 resulting in longer processing times.
Service standard					
<i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	21.90%	25.75%	31.16%	21.88%	In 2017/18 Council did not include surrendered or feral animals to the total of collected animals. If they were included in 2017/18, the calculated measure would have been $91/351 = 25.92\%$
Service cost					
<i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$68.55	\$69.83	\$67.01	\$69.73	
Health and safety					
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	6	1	2	-	Council had no animal prosecutions in 2018/19.
Aquatic Facilities					
Service standard					
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1	1	0	1	Health inspections were completed at all municipal aquatic facilities in 2018/19.
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	1	1	0	No reportable safety incidents occurred during 2018/19.

Service Performance Indicators continued

Service/Indicator/Measure	Results 2016	Results 2017	Result 2018	Results 2019	Material Variation
Service cost					
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$6.39	\$6.58	\$7.85	\$7.13	
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$14.72	\$16.08	\$18.11	\$22.57	Extensive maintenance work was carried out at the Robinvale Leisure Centre and Swan Hill Outdoor Pool in 2018/19. The Robinvale Leisure Centre maintenance included painting the pool and the replacement of tiles. The Swan Hill Outdoor Pool waterslide columns and stairs were repainted, and wet deck drain covers were replaced around the 50 metre and waterslide pools.
Utilisation					
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6.76	6.15	5.51	5.57	
Food safety					
Timeliness					
<i>The time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1.43	1.00	1.82	1.10	

Service/Indicator/Measure	Results 2016	Results 2017	Result 2018	Result 2019	Material Variation
Service standard <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x 100	95.18%	94.44%	87.15%	93.17%	
Service cost <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$872.83	\$850.09	\$498.68	\$455.11	
Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises]	84.44%	100.00%	94.74%	81.25%	Follow up inspections in three incidences did not occur. One premise ceased trading after the initial inspection meaning a follow up could not be conducted.

Service Performance Indicators continued

Service/Indicator/Measure	Results 2016	Results 2017	Result 2018	Result 2019	Material Variation
Libraries					
Utilisation					
<i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	1.38	1.59	1.67	1.61	
Resource standard					
<i>Standard of library collection</i> [Number of library collection items purchased in the last five years / Number of library collection items] x 100	41.81%	45.28%	53.41%	54.28%	
Service cost					
<i>Cost of library service</i> [Direct cost of library service / Number of visits]	\$11.90	\$13.34	\$16.23	\$14.21	The reduction in the direct cost to operate the library service in 2018/19 is due to a staff position changing from full time to part time, and the alteration of the mobile library service timetable which reduced the number of days the vehicle was on the road each week thus reducing the operating costs of the vehicle.
Participation					
<i>Active library members</i> [Number of active library members / Municipal population] x 100	19.24%	19.91%	18.08%	16.90%	

Community funding

Swan Hill Rural City Council recognises, respects and values the contribution that community, sporting and not-for-profit organisations make within our community. One of the ways Council does this is through the annual Community Grants program. Recipients of the 2018/19 Community Grants are detailed in the tables below:

Community Development Fund

The Community Development Fund offers up to \$5,000 to suitable community groups and organisations. Funding may be given for projects including minor repairs or upgrades to community facilities; water conservation and environmental innovations; OHS or risk management issues; new equipment; new programs or activities; local festivals and events with wide community benefit; and protection, conservation and restoration of heritage items and assets.

Organisation	Approved amount	Project description
1st Lake Boga Sea Scouts	\$5,000	Kitchen upgrade
Lake Boga Junior Sporting Club	\$2,200	Tumbling tracks
Lakeside Golf Club	\$5,000	Golf cart shed
Manangatang Swimming Pool	\$3,000	Storage facility
Mid Murray Pistol Club	\$5,000	Upgrade and extension of shooting range
Nyah District Men's Shed Incorporated	\$3,000	OHS safety equipment
Nyah Nyah West United Football and Netball Club	\$5,000	Netball court upgrade
Robinvale and District Cricket Association	\$2,500	Synthetic cricket pitch replacement
Robinvale Euston Football Netball Club and Robinvale Netball Association	\$5,000	Riverside Park netball tennis court, lighting and changerooms design
Robinvale Pistol Club Incorporated	\$5,000	Reactive targets and ground works
Rotary Club of Robinvale Euston	\$500	Rotary Park
Speewa Heritage Collectors Club	\$4,000	Airconditioner
St Mary's Tyntynder Cricket Club Incorporated	\$1,965	Replacement cricket pitch roller
Swan Hill Bowls Club Incorporated	\$3,700	Installation of access ramp, upgrade toilets and new bar benchtop

Community Development Fund continued

Organisation	Approved amount	Project description
Swan Hill Cemetery Trust	\$5,000	Upgrade to toilets
Swan Hill Clay Target Club	\$5,000	Kitchen upgrade
Swan Hill Junior Soccer League	\$5,000	Soccer nets, coaches and referee development program
Swan Hill Lawn Tennis and Croquet Club Incorporated	\$5,000	Playground upgrade
Swan Hill Neighbourhood House	\$5,000	Irrigation system
Swan Hill Sporting Car Club	\$5,000	New water tanks
Swan Hill Theatre Group	\$5,000	Roller door
Tyntynder Football Netball Club	\$3939.70	Ball catching nets
Ultima Lions Club	\$1,500	Re-cladding of rotunda and upgrade to barbecue
Ultima Progress Association	\$5,000	Replace roofing
Woorinen South Pre-School Incorporated	\$3,750	Install swing frame, seating, planter boxes and upgrade garden edging

Event Support Fund

The Event Support Fund provides grants and in-kind support to community groups and event organisers to develop new events, or existing events that provide significant economic and/or social benefit to the region

Event	In-kind support	Approved amount	Total value
2019 Robinvale Euston 80 Ski Race	Traffic management, signage, cleaning, subsidised venue hire	\$1,300	\$3,000
Bowls Victoria Women's Region Sides Championship		\$1,000	\$1,000
Chinkapook Christmas Tree		\$250	\$250
Film Festival		\$1,000	\$1,000
International Tabletop Day		\$500	\$500
Lake Boga Yacht Club Easter Regatta 2019		\$1,000	\$1,000
Life Explosion free community day		\$500	\$500
Mallee Home Business Expo 2018		\$500	\$500
Mallee Almond Blossom Festival	Traffic management, signage, cleaning and subsidised venue hire	\$3,500	\$5,000
Manangatang Cup		\$1,500	\$1,500
Massive Murray Paddle		\$2,000	\$2,000
Men's Health Night	Subsidised venue hire		\$500
Mental Health Week Event	Subsidised venue hire		\$500
Moon Festival	Street banners, traffic management, signage	\$1,000	\$1,500
NAIDOC Dreamtime Ball	Subsidised venue hire	\$500	\$1,000
Nyah District Christmas Carnival	Signage	\$1,250	\$1,500
New Year's Eve family concert	Signage, cleaning	\$30,000	\$30,650
Robinvale NAIDOC Week	Subsidised venue hire	\$500	\$1,000

Event Support Fund continued

Event	In-kind support	Approved amount	Total value
SHBA Veteran's badminton tournament		\$1,000	\$1,000
Speewa Heritage Collector's Club 8th Annual Rally		\$750	\$750
Swan Hill Bowls Autumn Carnival		\$1,000	\$1,000
Swan Hill Community Carols by Candlelight	Waste removal	\$200	\$400
Swan Hill Field and Game 30th Anniversary two-day event		\$500	\$500
Swan Hill Jockey Club three-day racing carnival		\$2,000	\$2,000
Swan Hill Junior Invitational Basketball Tournament	Subsidised venue hire		\$3,000
Swan Hill Kart Club Golden Power Series event		\$1,000	\$1,000
Swan Hill Region Food and Wine Festival	Pioneer Settlement venue hire	\$5,000	\$10,000
Swan Hill Things With Strings Festival	Traffic management, signage	\$9,000	\$10,000
Victorian Association Croquet Country Regional Championships		\$500	\$500
Voyage Fitness Riverside Tri	Provision of bollards, cleaning, street sweeping	\$1,500	\$2,000
Western Vic Association of Historical Societies AGM		\$250	\$250
Woorinen Winter Solstice Festival		\$1,000	\$1,000

Key Result Area 3: Infrastructure

Council Plan Initiatives

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic initiatives included in the Plan.

✓ Completed >> In progress/continuing in 2019/20 << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Actively pursue opportunities from decommissioned irrigation infrastructure	Work with Goulburn Murray Water to decommission channel number 9	✓
	Identify opportunities for land parcels taken over by Council	>>
Review current use of Council facilities	Produce usage report, including analysis of non-Council facilities that provide similar services	-
	Identify opportunities to rationalise Council assets	>>
Plan and deliver assets for the current and future needs of our growing community and changing environment	Develop and update policies, strategies and registers	>>
	Implement an effective asset management system	>>
	Complete a centralised asset register	>>
Advocate for funding for an active trail between Lake Boga and Swan Hill.	Complete project scope and plan to enable future funding submission	✓
Review the Swan Hill Active Transport Strategy	Review the Strategy	>>
	Adopt the reviewed Strategy	-
Review the way that we procure and maintain our Infrastructure	Identify opportunities to rationalise assets and facilities that do not have an identified service need	>>
	Conduct a review of public facilities including public toilets (included as part of 18/19 review)	>>

Council Plan Initiatives continued

✓ Completed >> In progress/continuing in 2019/20 - Carried over to 2019/20

Council Plan Initiative	Action	Status
Upgrade Swan Hill Livestock Selling Complex	Implement upgrade project	>>
	Identify funding opportunities for future stages	>>
Review the road network and classify each road	Complete a service review of the road network	✓
Complete the Recreation Reserve Masterplan	Adopt the Recreation Reserves Masterplan	✓
	Establish a long term operational maintenance program for Council managed reserves	>>
	Review and update user agreements between Council and recreation reserve users groups	>>
Ensure developers comply with the Infrastructure Design Manual where relevant to local standards	Improve internal and external stakeholders' understanding of the Infrastructure Design Manual	>>
	Develop a local policy position in areas where the Infrastructure Design Manual can be varied	>>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018/19 Budget.

Major Initiative	Progress
Design and construct the Robinvale town levee (Budget: \$600,000 Actual \$58,205).	Incomplete. To be completed in 2019/20.
Re-seal sealed roads (Budget: \$1,120,000 Actual \$1,105,828).	Complete.
Re-sheet sealed road shoulders (Budget: \$205,000 Actual \$211,510).	Complete.
Re-sheet unsealed gravel roads (Budget: \$700,000 Actual \$562,005).	Incomplete. Two projects carried forward to 2019/20.
Reconstruct Swan Hill Aerodrome lighting and runway (Budget: \$230,000 Actual \$6,000).	Incomplete. To be completed in 2019/20.
Lake Boga early learning education hub (Budget: \$420,000 Actual: \$438,495).	Complete.
Complete road works funded by the Federal Roads to Recovery program (Budget: \$1,175,220 Actual: \$1,025,110).	Complete.
Complete Bromley Road Robinvale beautification project (Budget: \$805,075 Actual: \$26,285).	Incomplete. To be completed in 2019/20.
Undertake projects as identified in the Swan Hill Riverfront Masterplan (Budget: \$1,871,035 Actual: \$65).	Incomplete. Funds to be used in 2019/20 - Our Region, Our Rivers project.
Build new soccer pavilion at the Ken Harrison Sporting Complex (Budget: \$520,000 Actual \$11,675).	Incomplete. To be completed in 2019/20.

Services funded in 2018/19 Budget

The following statement provides information in relation to the services funded in the 2018/19 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget <u>Actual</u> Variance \$000
Amenity and safety	Provide the community with well-maintained public areas with a focus on community access and safety. Maintain urban streets and public areas, including footpaths, in a clean and litter-free state and provides access to public conveniences and lighting of public areas. Provide and maintain efficient and effective open and underground drainage systems.	3,843 <u>2,819</u> (1,024)
Community buildings	Maintain and renew community buildings and facilities. It covers community centres, public halls and preschools.	1,352 <u>1,122</u> (230)
Infrastructure planning and management	Provide for the planning, design and project management of Council's capital works program, and manage Council's plant and fleet assets and depot operations.	124 <u>303</u> 179
Recreation	Maintain Council's parks, reserves, playgrounds and streetscapes in a functional and visually pleasing landscape.	5,347 <u>2,028</u> (3,319)
Swimming pools	Provide quality, accessible aquatic facilities that support a high quality of life for residents and visitors.	394 <u>386</u> (8)
Traffic and transportation services	Manage Council's roads and associated infrastructure assets. Ongoing maintenance and renewal work to municipal infrastructure assets including sealed roads, unsealed roads, footpaths and aerodromes.	4,823 <u>4,855</u> 32

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Results 2016	Results 2017	Result 2018	Result 2019	Material Variation
Roads					
Satisfaction of use					
<i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x 100	9.93	13.43	8.47	5.54	In 2018/19 Council received 49 sealed local road requests compared with 75 requests in 2017/18.
Condition					
<i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local road] x 100	98.42%	98.31%	98.31%	98.76%	
Service cost					
<i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$26.93	\$29.04	\$45.45	\$25.14	A decrease in costs to reconstruct a sealed road is due to roads reconstructed in 2018/19 being rural roads. Rural roads are significantly cheaper to construct and also utilise local quarry products which are also cheaper.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$4.05	\$3.96	\$5.72	\$6.84	An increase in resealing sealed roads is due to a greater percentage of urban streets being sealed this year with a two coat seal. The two coat application is more expensive and is becoming the preferred option in urban streets.
Satisfaction					
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	48	49	50	46	

Key Result Area 4: Governance and leadership

Council Plan Initiatives

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic initiatives included in the Plan.

✓ Completed >> In progress/continuing in 2019/20 << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Champion a culture that values strong community engagement	Implement a project management system	>>
	Conduct training for staff	>>
Continually improve workplace safety and staff health and wellbeing	Develop and implement an OHS framework	>>
	Review and develop Council's Risk Framework and Strategy	>>
Implement a Project Management System	Review and improve current processes	>>
	Implement a centralised project management system utilised throughout the organisation	>>
Review council services for efficiency, effectiveness and quality	Prioritise services for a detailed review	>>
	Identify relevant benchmarks for a service review	-
Council to lead the conversation on Swan Hill bridge placement with the community	Represent Council's views at stakeholder meetings	>>
	Conduct public engagement and awareness campaign	>>

Council Plan Initiative	Action	Status
Establish new and alternative methods of consultation	Research and report to council on contemporary consultation methods	✓
	Increase the use of social media, online survey tools	✓
	Review Council's Communication strategy	✓
Develop Council's systems and processes to improve our customer service, efficiency and effectiveness of our operations	Undertake Council Services Review	>>
Use social media as a medium for community consultation and communication	Increase the use of online survey tools	>>
Engage and partner with organisations, business and individuals to increase co-operation and avoid duplication of resources when common objectives are identified	Conduct skills audit of community organisations	>>
Advocate to State and Federal governments to fund priorities in Community Plans, Major Projects Plan and other key Council plans and strategies	Develop marketing material on key issues	✓
Encourage and support Council representatives to obtain positions on relevant boards that support council's activities, providing these duties do not conflict with Council responsibilities	Identify key board positions	>>
	Develop advocacy strategies	✓
	Train staff and Councillors on Governance responsibilities and industry based awareness	>>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018/19 Budget

Major Initiative	Progress
Implement a project management system (Budget: \$30,000 Actual \$0).	Incomplete. To be completed in 2019/20.
Further develop Council IT processes as identified in the IT Strategy (Budget: \$125,000 Actual: \$79,725).	Incomplete. To be completed in 2019/20.
Install solar energy production services on Council buildings (Budget: \$200,000 Actual \$59,305).	Incomplete. To be completed in 2019/20.
Scan building and planning files to be stored digitally (Budget: \$38,190 Actual \$31,960).	Incomplete. To be completed in 2019/20.

Services funded in 2018/19 Budget

The following statement provides information in relation to the services funded in the 2018/19 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget <u>Actual</u> Variance \$000
Councillors and corporate management	Governance includes the Mayor, Councillors, Chief Executive Officer, Executive Leadership Team and associated support, which cannot easily be attributed to the direct service provision areas.	2,313 <u>2,260</u> (53)
Community relationships	Proactively communicate Council decisions, programs and events to the community using a range of methods, and assist the organisation to respond to community issues as they arise.	189 <u>177</u> (12)
Management of resources	Manage Council's offices along with human and financial resources to effectively and efficiently fulfil Council objectives, including areas like rate raising and collection, customer service, human resource management, depot and office site management, Council finances, information technology and records management.	(25,321) <u>(27,457)</u> (2,136)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Results 2016	Result 2017	Result 2018	Result 2019	Material Variation
<p>Governance</p> <p>Transparency</p> <p><i>Council decisions made at meetings closed to the public</i></p> <p>[Number of Council resolutions made at an ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors] x 100</p>	13.46%	9.26%	7.73%	5.56%	12 resolutions were made in 2018/19 compared to 15 resolutions in 2017/18, at Council meetings closed to the public.
<p>Consultation and engagement</p> <p><i>Satisfaction with community consultation and engagement</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</p>	55	58	55	54	

Service Performance Indicators continued

Service/Indicator/Measure	Results 2016	Result 2017	Result 2018	Result 2019	Material Variation
Attendance <i>Councillor attendance at Council Meetings</i> [The sum of the number of Councillors who attended each ordinary and special Council Meeting / (Number of ordinary and special council meetings) x (Number of Councillors elected at the last Council general election)] x 100	95.24%	97.62%	97.96%	96.64%	
Service cost <i>Cost of Governance</i> [Direct cost of the Governance service / Number of Councillors elected at the last Council general election]	\$103,733	\$40,441	\$41,456	\$43,621.26	
Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]	53	53	54	51	

Key Result Area 5: Environment

Council Plan Initiatives

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic initiatives included in the Plan.

✓ Completed >> In progress/continuing in 2019/20 << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Seek to influence how environmental water is used within the municipality	Attain membership to Catchment Management Authorities (CMA)	>>
	Seek a position on CMA committees	>>
Investigate alternative energy for council buildings, and a community solar option	Prepare a business case for each option	>>
Review our work methods to reduce the environmental impact of what we do	Review our fuel usage	>>
	Review plant and corporate fleet requirements	✓
	Investigate and use where possible sustainable building practices	>>
Review and implement the Waste Management Plan	Approve a revised and updated Waste Management Plan	>>
Advocate for improved control on private and public land of feral pests and weeds	Engage with local Landcare groups	>>
	Identify and reduce boxthorn infestations	>>
	Extend fruit fly program	>>
Investigate opportunities for green waste and organic collection service	Review data for current green waste service	✓
	Develop and implement a green waste information campaign	✓

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018/19 Budget

Major Initiative	Progress
Deliver the roadside weeds and pest management program (Budget: \$75,000 Actual: \$26,750).	Incomplete. To be completed in 2019/20.
Implement projects as identified from the Waste Management Strategy (Budget: \$200,000 Actual \$2,785).	Incomplete. To be completed in 2019/20.
Construct a sealed service road at the Swan Hill Transfer Station (Budget: \$150,000 Actual \$0).	Incomplete. To be completed in 2019/20.
Construct a reuse shed at the Robinvale Landfill (Budget: \$75,000 Actual \$0).	Incomplete. To be completed in 2019/20.

Services funded in 2018/19 Budget

The following statement provides information in relation to the services funded in the 2018/19 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget <u>Actual</u> Variance \$000
Environmental management	Advocate for, and assist to deliver environmental projects as part of Council's aim to become more sustainable in both built and natural environments.	241 <u>148</u> (93)
Waste management	Provide waste collection services, including kerbside collection of garbage, hard waste and green waste from all households and some commercial properties.	(3) <u>(418)</u> (421)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Result 2016	Result 2017	Result 2018	Result 2019	Material Variation
Waste Collection					
Satisfaction					
Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1000	16.27	25.38	22.86	30.88	Council received 262 bin collection requests in 2018/19 compared to 193 in 2017/18. Many of these requests were for the replacement of damaged or aged bins, and upgrades to larger waste bins.
Service standard					
Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000	2.29	2.23	3.19	2.37	Scheduled bin lifts were reported incorrectly in 2017/18. If reported accurately in 2017/18 the calculation would of been $680000/530027=1.28\%$. In 2018/19 there were 129 bins missed compared to 68 bins missed in 2017/18.
Service cost					
Cost of kerbside garbage collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$54.45	\$55.31	\$55.79	\$57.09	
Cost of kerbside recyclables collection service [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$27.32	\$27.74	\$27.81	\$28.49	
Waste diversion					
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	35.26%	34.53%	30.55%	30.26%	



Part six

Corporate Governance

Governance

Swan Hill Rural City Council is constituted under the *Local Government Act 1989* to provide leadership for the good governance of the municipal district and the local community. Council has a number of roles including:

- Taking into account the diverse needs of the local community in decision-making
- Providing leadership by establishing strategic objectives and monitoring achievements
- Ensuring that resources are managed in a responsible and accountable manner
- Advocating the interests of the local community to other communities and governments
- Fostering community cohesion and encouraging active participation in civic life.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that Council and its administration meet the community's priorities. The community has many opportunities to provide input into Council's decision-making processes including community consultation, public forums such as Council meetings and the ability to make submissions to Council.

Council's formal decision-making processes are conducted through Council meetings and Special Committees of Council. Council delegates the majority of its decision-making to Council staff. These delegations are exercised in accordance with adopted Council policies.



Meetings of council

Council conducts open public meetings on the third Tuesday of each month. Members of the community are welcome to attend these meetings and observe from the gallery. Council meetings also provide the opportunity for community members to submit a question of Council, make a submission or speak to an item.

For the 2018/19 year, Council held the following meetings:

- 11 Ordinary Council Meetings
- 6 Special Council Meetings.

Below are the dates and locations of the Ordinary Council Meetings held in 2018/19:

Month	Location	Month	Location
17 July 2018	Swan Hill	19 February 2019	Swan Hill
21 August 2018	Swan Hill	19 March 2019	Swan Hill
18 September 2018	Robinvale	16 April 2019	Swan Hill
16 October 2018	Swan Hill	21 May 2019	Robinvale
20 November 2018	Swan Hill	25 June 2019	Swan Hill
18 December 2018	Swan Hill		

Councillor attendance at Council meetings

The following table provides a summary of Councillor attendance at Council Meetings and Special Council Meetings for the 2018/19 financial year.

Councillor	Ordinary Council Meetings	Special Council Meetings
	Attended	Attended
Cr Les McPhee	10	4
Cr Ann Young	10	5
Cr Bill Moar	11	5
Cr Lea Johnson	10	5
Cr Chris Jeffery	10	5
Cr Jade Benham	4	2
Cr Nicole McKay	3	2
Cr John Katis	6	1
Cr Gary Norton	6	3

Special committees

The Local Government Act allows Councils to establish one or more special committees consisting of:

- Councillors
- Council staff
- Other persons
- Any combination of the above.

The following table contains a list of special committees established by Council that are in operation and the purpose for which each committee was established.

Special Committee	Councillors	Officers	Other	Purpose
Swan Hill Indoor Sports and Recreation Centre Committee of Management	1	0	4	To oversee the external management of the Swan Hill Indoor Sports and Recreation Centre.
Swan Hill Leisure Centre Committee of Management	2	2	5	To oversee the external management of the Swan Hill Leisure Centre.
Alan Garden Reserve Committee of Management	1	0	6	To oversee the management of the Alan Garden Reserve.

Council representation on other Committees

Councillors are representatives on Special Committees of Council, as well as other external committees, associations and groups.

Cr Ann Young

- Bigger Better Beverford Group
- Woorinen Progress Association
- Murray River Group of Councils
- Chisholm Reserve Inc
- Event Support Fund
- Community Development Fund
- Central Murray Regional Transport Forum
- Chief Executive Officer Performance Review Committee
- Swan Hill Regional Art Gallery Advisory Committee
- Murray River Group of Councils

Cr Les McPhee

- Lake Boga Land on Water Committee of Management
- Municipal Association of Victoria
- Lake Boga Inc
- Ultima Progress Association
- Local Aboriginal Network Swan Hill (sub delegate)
- Joint Bridge Committee
- Asset Naming Sub-Committee (of Council)
- Chief Executive Officer Performance Review Committee
- Municipal Emergency Management Planning Committee
- North West Municipalities Association (from April 2019)

Cr Lea Johnson

- Swan Hill Inc
- Bigger Better Beverford
- Woorinen Progress Association
- Local Aboriginal Network Swan Hill
- Murray Mallee Local Learning and Employment Network (MLLEN)
- Rural Councils Victoria
- Audit Committee
- Chief Executive Officer Performance Review Committee
- Swan Hill Leisure Centre Committee of Management
- Municipal Association of Victoria (sub delegate) (from April 2019)

Cr John Katis / Cr Jade Benham

- Robinvale Aboriginal Elders Committee
- Robinvale Euston Business Association
- Wemen Progress Association
- Local Aboriginal Network Robinvale
- Robinvale Improvement Group
- Asset Naming Sub-Committee (of Council)

Cr Chris Jeffery

- Bigger Better Beverford Group
- Woorinen Progress Association
- Event Support Fund
- Community Development Fund
- Audit Committee
- Swan Hill Indoor Sport and Recreation Centre Committee of Management
- Alan Garden Reserve Committee of Management
- Municipal Emergency Management Planning Committee (sub-delegate)

Cr Bill Moar

- Loddon Mallee Waste and Resource Recovery
- Bigger Better Beverford
- Woorinen Progress Association
- Joint Bridge Committee
- Swan Hill Regional Livestock Exchange
- Swan Hill Leisure Centre Committee of Management (sub-delegate)
- Agribusiness Advisory Committee
- North Central Catchment Partnership (Forum) (from April 2019)

Cr Gary Norton / Cr Nicole McKay

- Manangatang Improvement Group
- Nyah Action Group
- Piangil Community Group
- Boundary Bend Progress Association
- Rural Councils Victoria (sub delegate)
- Rail Freight Alliance
- Grampians Wimmera Mallee Water Advisory Committee

Cr Gary Norton

- Municipal Association of Victoria (sub delegate)
- North West Municipalities Association
- North Central Catchment Partnership (Forum)

Conflict of interest

During the course of dealing with matters that come before Council for decision, individual Councillors and members of staff might find that they, or their immediate family, have a financial or some other advantage that could be interpreted as having undue influence on the outcome.

To ensure transparency in the decision-making processes of Council, both Councillors and staff are required to declare and document their interest in a matter. Where Councillors have declared an interest, they take no part in the decision-making process.

During 2018/19, ten conflicts of interest were declared at Council and Special Committee meetings.

Copies of the document Conflict of Interest: A Guide for Councillors, October 2012, published by the Department of Planning and Community Development, has been provided to Councillors for their reference.

Code of Conduct

As a result of changes to the *Local Government Act 1989*, councils must prepare, adopt and maintain a Councillor Code of Conduct. Swan Hill Rural City Council's Councillor Code of Conduct was reviewed and adopted on 21 February 2017.

After the review on 21 February 2017, Councillors signed the Code of Conduct declarations.

A copy of the code is available at www.swanhill.vic.gov.au/about/overview/policies.



Councillor allowances

In accordance with Section 74 of the *Local Government Act*, Councillors are entitled to receive an allowance while performing their duty as a councillor. The Mayor is also entitled to receive a higher allowance.

The State Government sets the upper and lower limits for all allowances paid to Councillors and Mayors. Councils are divided into three categories based on the income and population of each council. In this instance Swan Hill Rural City Council is recognised as a category two council.

For the period 1 July 2018 to 23 December 2018, the councillor annual allowance for a category 2 council (as defined by the Act) was fixed at \$22,405 per annum and the allowance for the Mayor was \$69,325 per annum. The Minister for Local Government approved an annual adjustment of two per cent to take effect as from 1 December 2018. The annual allowances were adjusted for the period 1 December 2018 to 30 June 2019 at \$22,965 per annum for the councillor allowance and \$71,058 per annum for the mayoral allowance.

The following table contains details of current allowances fixed for the mayor and councillors during the year.

Councillor	Allowance
Cr Ann Young (Mayor November 2018 - June 2019)	\$55,565.04
Cr Les McPhee (Mayor July 2018 - November 2018)	\$43,483.79
Cr Bill Moar	\$27,116.17
Cr Lea Johnson	\$27,115.17
Cr Chris Jeffery	\$27,115.17
Cr Jade Benham	\$8,150.00
Cr Nicole McKay	\$5,619.58
Cr John Katis	\$16,404.12
Cr Gary Norton	\$20,280.54

Councillor expenses

In accordance with Section 75 of the *Local Government Act*, Council is required to reimburse a councillor for expenses incurred whilst performing his or her duties as a councillor.

Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for councillors.

The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the mayor and councillors to enable them to discharge their duties.

Council also publishes in its Annual Report the details of the expenses, including reimbursement of expenses for each councillor and member of a council committee paid by the council.

The details of the expenses, including reimbursement of expenses for each councillor and member of a council committee, paid by Council for the 2018/19 year are set out in the following table.

Councillor	Travel	Car Mileage	Childcare	Information and Communication	Conference and Training	Total
Cr Ann Young	\$370.00	\$3,776.42		\$972.77	\$5,187.55	\$10,306.74
Cr Les McPhee	\$63.80	\$3,010.08		\$2,396.64	\$1,056.05	\$6,526.56
Cr Bill Moar				\$885.58		\$885.58
Cr Lea Johnson	\$445.05	\$930.60		\$1,065.93	\$679.51	\$3,121.09
Cr Chris Jeffery		\$217.60		\$1,080.62	\$131.67	\$1,429.89
Cr Jade Benham	\$61.70	\$1,461.32	\$57.48	\$2,915.39	\$2,951.31	\$7,447.20
Cr Nicole McKay		\$149.60		\$1,305.41		\$1,455.01
Cr John Katis		\$3,385.04		\$773.29	\$113.64	\$4,271.97
Cr Gary Norton		\$312.80		\$1,261.55	\$396.21	\$1,970.56

Note: No expenses were paid by Council, including reimbursements, to members of Council Committees during the 2018/19 year.

Management

Council has implemented a number of statutory and better practice items to strengthen its management framework.

Having strong governance and management frameworks leads to better decision making by Council.

The *Local Government Act 1989* requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations.

Council's Governance and Management Checklist results are set out in this section. The following items have been highlighted as important components of the management framework



Audit committee

The Audit Committee is an independent Advisory Committee to Council and is formed under Section 139 of the *Local Government Act 1989*.

The primary objective of the Audit Committee is to assist Council in the effective conduct of its responsibilities for:

- Enhancing the credibility and objectivity of internal and external financial reporting
- Effective management of financial processes, to ensure integrity and transparency
- Effective management of risks and the protection of Council assets
- Compliance with laws and regulations as well as use of best practice guidelines
- The effectiveness of the internal audit function
- The provision of an effective means of communication between the external auditor, internal auditor, management and the Council
- Facilitating the organisation's ethical development
- Maintaining a reliable system of internal controls

The Audit Committee consists of five members, three of whom are independent experts in a range of areas including financial management, business, and project management.

Audit Committee Members

The members of the committee during the 2018/19 financial year were:

Warren Pollock (Chairman) - third term appointment expires 21 August 2019.

Rod Saville - third term appointment expires 21 February 2021.

Robert Jardine - first term appointment expires December 2020

Cr Lea Johnson - appointed for one year at the Statutory Council Meeting in November 2018.

Cr Chris Jeffery - appointed for one year at the Statutory Council Meeting in November 2018.

Cr Ann Young - appointed for one year at the Statutory Council Meeting in November 2017.

The following table contains details of attendance at audit committee meetings during 2018/19.

Member	Eligible to attend	Attended
Warren Pollock, Independent member and Chairman	4	4
Rod Saville, Independent member	4	4
Robert Jardine, Independent member	4	4
Ann Young, Councillor	2	2
Lea Johnson, Councillor	4	2
Chris Jeffery, Councillor	2	0

Internal Audit

Council's internal audit function is externally resourced to provide independent and objective assurance that appropriate processes and controls are in place across Council.

A three-year risk based Strategic Internal Audit Plan (SIAP) is revised annually to ensure the audit resources remain focused on the nominated areas.

The review process considers Council's risk framework, the Council Plan, the impact of any change on our operations, systems or the business environment, prior audit coverage and outcomes, and relies heavily on management directional input. The SIAP is revised and approved by the Audit Committee annually.

The Internal Auditor attends Audit Committee meetings to report on the status of the SIAP and to present findings of completed reviews.

The responsible Director and Manager for each area reviewed is required to attend the Audit Committee meeting to respond to questions in relation to the review. All audit issues identified are risk rated.

Recommendations are assigned to responsible managers and tracked through the Audit Committee agenda until all recommendations have been completed.

Quality assurance is measured through completion of the review recommendations and completion of the nominated annual SIAP reviews.

The SIAP for 2018/19 was completed with the following reviews conducted:

- Staff awareness of Council's Policies and Procedures.
- Setting of Council's fees and charges.

In order to attain a wider review of internal audit coverage, a mix of 'detailed' and 'insight' reviews are identified.

'Detailed' reviews typically include walk throughs, identification of key controls and sample testing of key controls to form a conclusion, resulting in a detailed report.

'Insight' reviews are high level discussions with those officers responsible for managing the area of focus, resulting in a brief report of observations and insights.

External Audit

Council is externally audited by the Victorian Auditor-General. For the 2018/19 year the annual external audit of Council's Financial Reports and Performance Statement was conducted by the Victorian Auditor-General's representative, Danielle MacKenzie of Crowe Horwath (Albury).

The external auditors attend Audit Committee meetings to present the annual audit strategy and independent audit reports.

The external audit management letters and responses are also provided and discussed with the Audit Committee.



Risk Management

Council is committed to the overall management of risk to achieve its strategic and operational objectives.

The Risk Management Policy and Procedure provides a framework for identifying, analysing, controlling and reviewing risks across our organisation.

Council's risk management functions are regularly monitored and reviewed, with reports to Council's Risk Management Committee, Executive Leadership Team, and Audit Committee.

Other aspects of Council's risk management framework include the existence and management of the corporate risk register, an established internal audit regime, a reactive customer request system, and a strong asset management framework.

Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

Governance and Management Items	Assessment
<p>1. Community Engagement Policy (policy outlining Council's commitment to engaging with the community on matters of public interest)</p>	<p>Date of operation of current policy: 19 December 2017</p>
<p>2. Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community)</p>	<p>Date of adoption: 19 December 2017</p>
<p>3. Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)</p>	<p>Date of adoption: 25 June 2019</p>
<p>4. Annual Budget (plan under section 130 of the Act setting out the services to be undertaken over the next 12 months and the funding and other resources required)</p>	<p>Date of adoption: 25 June 2019</p>
<p>5. Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)</p>	<p>Date of adoption for all plans: Road Asset Management Plan 01/09/2008, Building Asset Management Plan 01/08/2008, Footpath Asset Management Plan 01/08/2009, Irrigation Asset Management Plan 01/08/2008, Kerb and Channel Asset Management Plan 01/08/2009, Landfill Asset Management Plan 01/07/2008, Playgrounds Asset Management Plan 01/08/2008, Bridge Asset Management Plan 01/11/2005, Aerodrome Asset Management Plan 01/03/2009, Road Management Plan 27/06/2017.</p>
<p>6. Rating Strategy (strategy setting out the rating structure of Council to levy rates and charges)</p>	<p>Date of operation of current strategy: 20 July 2010</p>

Governance and Management Items	Assessment
<p>7. Risk Policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)</p>	<p>Date of operation of current policy: 19 July 2016</p>
<p>8. Fraud Policy (policy outlining Council's commitment and approach to minimising the risk of fraud)</p>	<p>Date of operation of current policy: 19 December 2017</p>
<p>9. Municipal Emergency Management Plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)</p>	<p>Date of preparation: 17 October 2017</p>
<p>10. Procurement Policy (policy under section 186A the Act outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)</p>	<p>Date of approval: 18 December 2018</p>
<p>11. Business Continuity Plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)</p>	<p>Date of adoption: 1 December 2015</p>
<p>12. Disaster Recovery Plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</p>	<p>Date of adoption: 1 April 2016</p>
<p>13. Risk Management Framework (framework outlining Council's approach to managing risks to the Council's operations)</p>	<p>Date of operation of current framework: 19 July 2017</p>
<p>14. Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with the applicable legal, ethical, and regulatory requirements)</p>	<p>Date of establishment: 10 February 1998</p>

Governance and Management Items	Assessment
<p>15. Internal Audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)</p>	<p>Date of engagement of current provider: 1 July 2013</p>
<p>16. Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</p>	<p>Date of operation of current framework: 12 April 2016</p>
<p>17. Council Plan Reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the reporting year)</p>	<p>Reported to Council on: Quarter 1: 16/10/2018 Quarter 2: 19/03/2019 Quarter 3: 16/04/2019 Quarter 4: 16/07/2019</p>
<p>18. Financial Reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Date statements presented: Annual Report 2018: 25/09/2018 Quarter 1: 20/11/2018 Quarter 2: 29/02/2019 Quarter 3: 21/05/2019</p>
<p>19. Risk Reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Date of report: 17 June 2019</p>
<p>20. Performance Reporting (annual report of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)</p>	<p>In the Annual Report 2018, 25 September 2018</p>

Governance and Management Items	Assessment
21. Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Date statements presented: 25 September 2018
22. Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Date reviewed: 21 February 2017
23. Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Date of review: 19 March 2019
24. Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Date local law made: 7 October 2010

I certify that this information presents fairly the status of Council's governance and management arrangements.



John McLinden
Chief Executive Officer

Dated: 19 September 2019



Cr Ann Young
Mayor

Dated: 19 September 2019

Statutory information

Documents available for public inspection

In accordance with regulation 12 of the *Local Government (General) Regulations 2015* the following are prescribed documents that are available for public inspection or copies of the documents can be obtained for the purposes of section 222 of the Act:

- a document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by councillor or any member of council staff in the previous 12 months
- minutes of ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act
- the minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act
- a register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act
- a document containing details of all leases involving land which were entered into by the council as lessor, including the lessee and the terms and the value of the lease
- a register maintained under section 224(1A) of the Act of authorised officers appointed under that section
- a list of donations and grants made by the council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

These documents can be viewed at the Swan Hill Rural City Council Municipal Offices at 45 Splatt Street, Swan Hill from 8.30am to 5pm Monday to Friday.

Best Value

The Best Value Principles within the *Local Government Act 1989* provide the basis for which councils plan, review and manage their performance in order to deliver continuous improvement in all services and to meet the needs and expectations of service users.

208B - Best Value Principles

All services provided by a council must meet the quality and cost standards required by section 208D;

Subject to sections 3C(2)(b) and 3C(2)(e), all services provided by a council must be responsive to the needs of its community;

Each service provided by a council must be accessible to those members of the community for whom the service is intended;

A council must achieve continuous improvement in the provision of services for its community;

A council must develop a program of regular consultation with its community in relation to the services it provides;

A council must report regularly to its community on its achievements in relation to the principles set out in paragraphs (a), (b), (c), (d) and (e).

Carers Recognition Act 2012

Council has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012*. Council has promoted the principles of the Act to people in care relationships who receive Council services, and to the wider community by providing links to State Government resource materials on Council's website and providing information to organisations represented in Council networks.

Council has taken all practicable measures to ensure staff, Council agents and volunteers are informed about the principles and obligations under the Act by including information on the care relationship in Council induction and training programs for staff working in Community Care Services, and induction and training programs for volunteers working directly with the community.

Council has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer relationship.

Community Access and Inclusion Strategy

In accordance with section 38 of the *Disability Act 2006*, as Council has prepared a Disability Action Plan and it must report on the implementation of the Disability Action Plan in its Annual Report. Council adopted its Community Access and Inclusion Strategy (CAIS) with an accompanying implementation plan in December 2017.

The four key objectives of the CAIS are to:

- Reduce barriers to Council services, programs and facilities for people with a disability.
- Reduce barriers to people with a disability obtaining and maintaining employment.
- Increase inclusion and participation in the community for people with a disability.
- Improve community attitudes and perceptions that discriminate against people with a disability.

Contracts

During the year, Council did not enter into any contracts valued at \$150,000 or more for services or \$200,000 or more for works or more of a kind specified in section 186(5)(a) and (c) of the Act. It also did not enter into any other contracts valued at \$150,000 or more for goods or services or \$200,000 or more for works without engaging in a competitive process.

Domestic Animal Act 1994

Under the *Domestic Animal Act 1994*, Council is required to create a Domestic Animal Management Plan and to evaluate its implementation in the annual report. Council reviewed its Domestic Animal Management Plan in December 2018.

Food Act Ministerial Direction

In accordance with 7E of the *Food Act 1984*, Council is required to publish a summary of any ministerial directions received during the financial year in its Annual Report. No directions were received in the 2018/19 financial year.

Road Management Act 2004

Council, as a road authority, is required under Section 22 of the *Road Management Act 2004* to publish a copy or summary of any direction received from the Minister in its Annual Report. No directions were received from the Minister in 2018/19.

Local Laws

Council has the following Local Laws in place:

Local Law	Date adopted	Date operational
Local Law No. 1 Meeting Procedures	21 September 2010	7 October 2010
Community Local Law No. 2	16 May 2017	2 June 2017

Statutory information continued

Freedom of Information Act 1982

The *Freedom of Information Act 1982* provides the opportunity for public access to Council documents.

The Act establishes a legally enforceable right for the community to request information, in document form, held by Council.

The Act has four principles:

1. The public has a right of access to documents subject to certain exceptions or exemptions.
2. Local Governments are required to publish information on the documents they hold.
3. Individuals may request that inaccurate, incomplete, out-of-date or misleading information about themselves be amended.
4. Individuals may appeal against a decision not to give access to the document(s) or not to amend personal information.

Written requests for documents must be addressed to Council's Freedom of Information Officer and should be accompanied by an application fee of \$29.60 (2019/20).

A request must specify the document(s) required or if unable to do so, give sufficient detail to enable the relevant document(s) to be located, the form of access required and include the applicant's contact details.

Council received three requests in 2018/19. One request was released in full, one request found that no documents were discovered, and the remaining request was carried forward to 2019/20.

	Number of requests	Fees and charges	Costs
2018/19	3	\$87	\$6,250
2017/18	4	\$114	\$1,928
2016/17	2	\$307	\$1,567
2015/16	2	\$27	\$170
2014/15	0	\$0	\$0

Privacy and Data Protection Act 2014

Council respects the privacy of its citizens, ratepayers and clients. Council is committed to the privacy principles prescribed by the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001*.

Council has adopted a Privacy Policy that addresses the requirements of both Acts. A copy of the policy is available at the Council offices during business hours and at Council's website www.swanhill.vic.gov.au.

Council received no privacy complaints in the 2018/19 financial year.

Policies, strategies and plans

As representatives of the community, Council develops the policies that guide and inform Council activity. The following policies, strategies and plans were reviewed and/or adopted in 2018/19.

Policy/Strategy/Plan	Date reviewed/adopted
Creative Strategy 2018-2022	16 October 2018
Social Media Policy	20 November 2018
National Competition Policy	20 November 2018
Procurement Policy	18 December 2018
Communication and Engagement Strategy	18 December 2018
Control of Damage to Council Infrastructure at Building Sites Policy	18 December 2018
Domestic Animal Management Plan (Review)	18 December 2019
Civic Receptions, Receptions and the Provision of Hospitality Policy	19 February 2019
Road Management Plan (Review)	19 February 2019
Travel by Councillors Policy	19 March 2019
Recreation Implementation Plan 2019-2028	19 March 2019
Financial Hardship Policy	16 April 2019
Advocacy Strategy	21 May 2019
Recreational Vehicle Friendly Policy	21 May 2019
2019-20 Budget	25 June 2019
Child Safe Standards Policy	25 June 2019
Chain of Responsibility	25 June 2019
Private Assets in Road Reserves Policy	25 June 2019
Discontinuance and Disposal of Roads Policy	25 June 2019



Part seven

Performance Statement

Description of municipality

Swan Hill Rural City Council covers 6,116 square kilometres and is home to 20,759 people.

It includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco.

The Swan Hill Rural City economy is driven by agriculture and manufacturing.

Almost 20 per cent of the total economic output from the region comes from agricultural production.

Irrigated farming (including stone fruit, grapes, nuts, olives and vegetable production) accounts for over 11 per cent of the total economic output for the municipality and more than 18 per cent of all jobs in the city are directly related to agriculture.

Additionally food manufacturing (processing) accounts for almost 10 per cent of the municipality's economic output.

Located along the Murray River, tourism plays an important role in our region's economy. Our climate and natural beauty attracts around 750,000 visitors each year.

Sustainable Capacity Indicator definitions

“adjusted underlying revenue” means total income other than

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

“infrastructure” means non-current property, plant and equipment excluding land

“local road” means a sealed or unsealed road for which Council is the responsible road authority under the Road Management Act 2004

“population” means the resident population estimated by Council

“own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)

“relative socio-economic disadvantage”, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

“SEIFA” means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website.

Sustainable Capacity Indicators

	Results				
Service/indicator/measure	2016	2017	2018	2019	Material variations
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue/Municipal population]	\$1,663.09	\$1,736.26	\$1,680.88	\$1,776.90	
Recurrent grants					
<i>Recurrent grants per head of population</i> [Recurrent grants/Municipal population]	\$577.00	\$835.57	\$552.94	\$526.64	
Population					
<i>Expenses per head of population</i> [Total expenses/Municipal population]	\$2,454.26	\$2,311.87	\$2,159.48	\$2,156.36	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure/Municipal population]	\$18,598.85	\$18,679.83	\$18,388.46	\$18,969.90	
<i>Population density per length of road</i> [Municipal population/Kilometres of local roads]	5.84	5.83	5.94	5.92	
Disadvantage					
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic disadvantage by decile]	2.00	2.00	2.00	2.00	

Service Performance Indicators

Service/indicator/measure	Results				Material variations
	2016	2017	2018	2019	
Governance Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]	53	53	54	51	
Statutory Planning Decision making <i>Council's planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100	0.00%	50.00%	0.00%	0.00%	
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	48	49	50	46	
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x 100	19.24%	19.91%	18.08%	16.90%	

Service Performance Indicators continued

Service/indicator/measure	Results				Material variations
	2016	2017	2018	2019	
Waste collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	35.26%	34.53%	30.55%	30.26%	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6.76	6.15	5.51	5.57	
Animal management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	6	1	2	0	Council had no animal prosecutions in 2018/19.
Food and safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100	84.44%	100.00%	94.74%	81.25%	Follow up inspections in three incidences did not occur. One premise ceased trading after the initial inspection meaning a follow up could not be conducted.

Service/indicator/measure	Results				Material variations
	2016	2017	2018	2019	
Maternal and Child Health					
Participation					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	72.91%	73.28%	73.03%	73.14%	
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	43.73%	41.88%	62.18%	60.08%	

Service Performance Indicator definitions

“Aboriginal child” means a child who is an Aboriginal person

“Aboriginal person” has the same meaning as in the Aboriginal Heritage Act 2006

“active library member” means a member of a library who has borrowed a book from the library

“annual report” means an annual report prepared by a Council under sections 131, 132 and 133 of the Act

“class 1 food premises” means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

“class 2 food premises” means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act

“critical non-compliance outcome notification” means a notification received by Council under section 19N(3) or (4) of the Food Act 1984, or advice given to Council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

“food premises” has the same meaning as in the Food Act 1984.

“local road” means a sealed or unsealed road for which Council is the responsible road authority under the Road Management Act 2004

“major non-compliance outcome notification” means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to Council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

“MCH” means the Maternal and Child Health Service provided by a Council to support the health and development of children within the municipality from birth until school age

“population” means the resident population estimated by council

“WorkSafe reportable aquatic facility safety incident” means an incident relating to a council aquatic facility that is required to be notified to the Victorian Work-Cover Authority under Part 5 of the Occupational Health and Safety Act 2004.

Financial Performance Indicators

Dimension/ indicator/measure	Results						Forecasts				Material variations
	2016	2017	2018	2019	2020	2021	2022	2023			
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	(7.21%)	11.65%	5.24%	8.38%	5.56%	7.78%	8.03%	7.80%		The actual result for 2019 includes 50% of the 2019 and 50% early payment of 2020 Victoria Grants Commission income. This was the same scenario in 2018, with 50% of the 2018 and 50% early payment of 2019 Victoria Grants Commission income recognised. The 2017 actual had 150% of Victoria Grants Commission income (100% of 2017 and 50% of 2018). A similar advance in 2015 occurred which explains the deficit recorded in 2016. A combination of savings due to reduced borrowings and a return to normal grant receipts from the Victoria Grant Commission is budgeted for our underlying result in the forecast years.	

Dimension/ indicator/measure	Results				Forecasts				Material variations	
	2016	2017	2018	2019	2020	2021	2022	2023		
Liquidity										
Working capital										
Current assets compared to current liabilities [Current assets / Current liabilities] x100	189.19%	293.45%	360.07%	380.53%	286.62%	192.23%	266.32%	280.08%		The forecast reduction in 2021 is due to an interest only loan maturing the following year. Once repaid, the ratio recovers in 2022.
Unrestricted cash										
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	140.43%	205.40%	258.37%	271.46%	249.97%	160.79%	212.73%	230.10%		The forecast reduction in 2021 is due to an interest only loan maturing the following year. Once repaid, the ratio recovers in 2022.

Financial Performance Indicators continued

Dimension/ indicator/	Results								Forecasts			Material variations	
	2016	2017	2018	2019	2020	2021	2022	2023					
Obligations Loans and borrowings													
<i>Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100</i>	33.49%	29.45%	25.22%	28.99%	28.48%	27.40%	9.06%	7.95%					Council deferred \$1.3 million in new borrowings from 2017 and 2018 until 2019. The deferred borrowings of \$1.3M along with new borrowings of \$0.5M were taken up in 2019 and restore the ratio to its previous expected level. An ongoing reduction in borrowings is planned from 2022 onwards.
Loans and borrowings repayments compared to rates													
<i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	4.86%	4.57%	5.16%	3.03%	3.09%	3.29%	18.24%	1.21%					Council is continuing with a strategy to progressively reduce borrowings. This reflects in a reduced loan repayment compared to rates each year. In 2022, the first LGFV interest only loan matures (\$4.795M) and Council will have sufficient cash available to repay this loan principal. The 2018 slight increase in the ratio was due to repayment in full at the eighth year of a loan originally borrowed on a ten year repayment schedule with interest rate renegotiated at the

Dimension/ indicator/ measure	Results						Forecasts			Material variations
	2016	2017	2018	2019	2020	2021	2022	2023		
Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	27.96%	23.30%	21.54%	23.82%	23.40%	10.62%	9.69%	8.78%	Taking up deferred borrowings from 2017 (\$0.5M) and 2018 (\$0.8M) along with new borrowings of \$0.5M budgeted in 2019, has increased the ratio. The ongoing repayment of borrowings over the forecast period will then see a reduction in our interest bearing liabilities and in 2021 our first LGFV interest only loan of \$4.795M will become a current liability, with full repayment in 2022.	

Financial Performance Indicators continued

Dimension/indicator/measure	Results					Forecasts			Material variations
	2016	2017	2018	2019	2020	2021	2022	2023	
Asset renewal Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	74.49%	76.92%	90.90%	116.77%	76.37%	80.10%	76.67%	83.61%	Asset renewal expenditure varies each year depending on the type and amount of renewal works required. Most of Council's assets are long lived and therefore the need to replace them varies considerably each year. Ratio for 2019 is higher than previous years due to increased grant funded works (that remain outstanding at 30/06/2019), while the ratio for 2018 was significantly higher than previous years due to increased asset renewal expenses and decreased depreciation expense.
Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	52.85%	47.87%	55.45%	55.93%	51.95%	57.45%	57.64%	57.78%	

Dimension/ indicator/ measure	Results					Forecasts				Material variations
	2016	2017	2018	2019	2020	2021	2022	2023		
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.74%	0.71%	0.72%	0.69%	0.66%	0.67%	0.69%	0.70%		
Efficiency Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	\$4,227.28	\$3,966.00	\$3,765.72	\$3,727.22	\$4,231.38	\$3,815.50	\$3,880.32	\$3,965.12		The increase for 2020 is due to Council being the coordinating Council for a regional project. The grant income will be received by Council and passed to other councils as an operational expense.

Financial Performance Indicators continued

Dimension/ indicator/	Results						Forecasts			Material variations	
	2016	2017	2018	2019	2020	2021	2022	2023			
Revenue level											
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,596.77	\$1,586.96	\$1,636.84	\$1,690.08	\$1,708.85	\$1,745.08	\$1,785.49	\$1,825.81			
Workforce turnover											
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.04%	16.29%	12.97%	12.11%	12.47%	12.53%	12.55%	12.55%			

Financial Performance Indicator definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"population" means the resident population estimated by Council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Other information

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

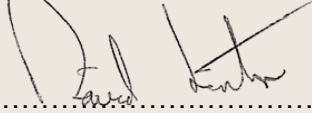
Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by Council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 25 June 2019 and which forms part of the Council Plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting Council.

Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.



David C Lenton CPA
Principal Accounting Officer

Dated: 19 September 2019

In our opinion, the accompanying performance statement of the Swan Hill Rural City Council for the year ended 30 June 2019 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

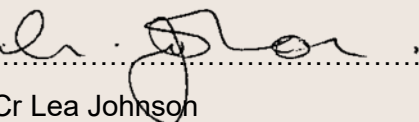
At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr Ann Young
Councillor

Dated: 19 September 2019



Cr Lea Johnson
Councillor Lea Johnson

Dated: 19 September 2019



John McLinden
Chief Executive Officer

Dated: 19 September 2019

Independent Auditor's Report

To the Councillors of Swan Hill Rural City Council

<p>Opinion</p>	<p>I have audited the accompanying performance statement of Swan Hill Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2019 • sustainable capacity indicators for the year ended 30 June 2019 • service performance indicators for the year ended 30 June 2019 • financial performance indicators for the year ended 30 June 2019 • other information for the year ended 30 June 2019 (basis of preparation) • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Performance Statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<p>Auditor's responsibilities for the audit of the performance statement</p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance</p>


Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
23 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Appendices

Donations and contributions

Organisation	Purpose	Amount
Aeroflow Outlaw Nitro Funny Cars	Sponsorship	\$2,727
Chinkapook Christmas Tree 2018	Sponsorship	\$250
Mallee Home Business Expo 2018	Sponsorship	\$500
Western Vic Association of Historical AGM	Sponsorship	\$250
Woorinen Winter Solstice Festival 2019	Sponsorship	\$1,000
June Racing Carnival	Sponsorship	\$2,000
Lake Boga Air Show and Splash In 2019	Sponsorship	\$5,000
Lake Boga Junior Sporting Club	Contribution	\$2,200
Lake Boga Yacht Club Easter Regatta 2019	Sponsorship	\$1,000
Lake Boga Sea Scouts	Contribution	\$5,000
Life Explosion Free Community Day 2019	Sponsorship	\$500
Loddon Murray Community Leadership 2019	Contribution	\$7,000
Mallee Almond Blossom Festival 2018	Sponsorship	\$3,500
Mallee Table Top Games	Sponsorship	\$500
Manangatang and District Swimming Pool Inc	Contribution	\$3,000
Manangatang Cup 2018	Sponsorship	\$1,500
Massive Murray Paddle 2018	Sponsorship	\$2,000
Mid Murray Pistol Club Inc	Contribution	\$5,000
New Year's Eve 2018	Sponsorship	\$10,000
Nyah District Christmas Carnival	Sponsorship	\$1,250
Nyah District Men's Shed Inc	Contribution	\$3,000
Nyah Nyah West United Football Netball Club	Contribution	\$5,000
Robinvale and District Cricket Association	Contribution	\$2,500

Organisation	Purpose	Amount
Robinvale College	Contribution	\$1,000
Robinvale Euston Football Netball Club Inc	Contribution	\$5,000
Robinvale Pistol Club	Contribution	\$5,000
Robinvale Ski Race 2019	Sponsorship	\$1,300
Rotary Club of Robinvale-Euston	Contribution	\$500
RUSH Sponsorship 2018	Sponsorship	\$2,000
SHBA Veterans Badminton Tournament 2019	Sponsorship	\$1,000
Speewa Heritage Collectors Club 8th Rally	Sponsorship	\$750
Speewa Heritage Collectors Club Inc	Contribution	\$4,000
St Mary's Tyntynder Cricket Club Inc	Contribution	\$1,965
Swan Hill Bowls Club Inc	Contribution	\$3,700
Swan Hill Carols by Candlelight 2018	Sponsorship	\$330
Swan Hill Clay Target Club Inc	Contribution	\$5,000
Swan Hill College	Contribution	\$2,000
Swan Hill Field and Game 30th Anniversary	Sponsorship	\$500
Swan Hill Film Festival	Sponsorship	\$1,000
Swan Hill Food and Wine Festival 2019	Sponsorship	\$5,000
Swan Hill Invitational Basketball	Sponsorship	\$3,000
Swan Hill Kart Club - Golden Power Series 1	Sponsorship	\$1,000
Swan Hill Lawn Tennis and Croquet Club	Contribution	\$5,000
Swan Hill NAIDOC Dreamtime Ball	Sponsorship	\$500
Swan Hill Neighbourhood House Inc	Contribution	\$5,500
Swan Hill Show 2018	Sponsorship	\$1,000

Donations and contributions continued

Organisation	Purpose	Amount
Swan Hill Soccer League	Contribution	\$3,898
Swan Hill South Kindergarten	Contribution	\$200
Swan Hill Sporting Car Club	Contribution	\$5,500
Swan Hill Theatre Group Co-Operative Ltd	Contribution	\$5,000
The Trustee for Swan Hill Cemetery Trust	Contribution	\$5,000
Things with Strings Grant Funding	Sponsorship	\$9,000
Tyntynder Football Netball Club Inc	Contribution	\$3,940
Ultima Lion's Club	Contribution	\$1,364
Ultima Progress Association	Contribution	\$4,738
Vic Assoc Croquet Championships 2019	Sponsorship	\$500
Voyage Fitness Riverside Tri 2019	Sponsorship	\$1,500
Women's Region Sides Championships 2019	Sponsorship	\$1,000
Woorinen South Pre School Committee	Contribution	\$3,750

Appendix 2: Organisations of which Council is a financial member

Organisation	Amount
Australasian Fleet Managers Association	\$399
Australasian Performing Rights Association	\$84
Australian Airports Association	\$546
Australian Livestock Markets Association	\$1178
Australian Livestock Saleyards Association Inc.	\$3000
Central Victorian Greenhouse Alliance	\$12,500
Community Childcare Association	\$255
Early Childhood Australia Inc	\$271
Family Day Care Australia	\$145
Institute of Public Works Engineering Australia	\$1,250
LG PRO	\$2,735.18
Local Government Infrastructure Design Association	\$500
Loddon Mallee Waste and Resource Recovery Group	\$4,000
Maritime Museum of Victoria Inc	\$300
Municipal Association Of Victoria	\$26,980.44
Municipal Works Operations Association	\$490
Murray River Regional Tourism Ltd	\$25,232
National Saleyards Quality Assurance Inc	\$520
North West Municipalities Assoc	\$909.09
Our Community Pty Ltd	\$330
Performing Arts Connections Australia	\$681.82
Play Australia (IPA Australia)	\$296
Post Office Agents Association Limited	\$60

Organisations of which Council is a financial member continued

Organisation	Amount
Public Libraries Victoria Network Inc	\$1,278
Rail Freight Alliance	\$3,075
Rural Councils Victoria Inc	\$3,000
School Crossings Victoria Inc	\$100
Vicsport	\$363.64
Victorian Association of Performing Arts Centres	\$1,023
Victorian Maternal Child and Health	\$75
Victorian Tourism Industry Limited	\$587
Waste Management Associates Of Australia	\$1,018.18



Part eight

Financial Statement

Understanding the Financial Statements

Introduction

The financial report is a key report by the Swan Hill Rural City Council. It shows how Council performed financially during the 2018/19 financial year and the overall position at the end of the financial year (30 June 2018).

Council presents its financial report in accordance with the Australian Accounting Standards.

Particular terms required by the standards might not be familiar to some readers. Council is committed to accountability and it is in this context that the following explanations have been developed to assist readers understand and analyse the financial report.

What is contained in the Annual Financial Report?

Council's financial report has two main sections, namely the report and the notes. There are five statements and 35 notes. These are prepared by Council staff, examined by the Audit Committee and Council, and are audited by the Victorian Auditor-General.

The five statements included in the first few pages of the report are the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works.

The notes detail Council's accounting policies and the make-up of values contained in the statements.

1. Comprehensive Income Statement

The Comprehensive Income Statement measures Council's performance over the year and shows if a surplus or a deficit has been made in delivering services.

The statement includes all sources of income, less all operating expenses incurred in delivering Council services. This includes depreciation, or the writing down, of the value of buildings, roads, footpaths, drains and all other infrastructure assets that are used to deliver Council services.

These assets are depreciated over the life of the asset or as they are consumed. Capital costs or new assets purchased or created during the year are excluded from the statement but, as indicated above, are depreciated as they are used.

The statement is prepared on an accrual basis. This means that generally all income and costs for the year are recognised even though the income may not yet be received (such as interest on bank deposits) or expenses not yet paid (invoices not yet received for goods and services already used).

2. Balance Sheet

The Balance Sheet is an important financial statement. This one-page summary is a snapshot of the financial position as at 30 June 2019. It shows what the Council owns as assets and what it owes as liabilities.

The bottom line of this statement is net assets. This is the net worth of Council that has been built up over many years.

The assets and liabilities are separated into current and non-current. Current means those assets or liabilities that will fall due or be consumed in the next 12 months. The components of the Balance Sheet are described on the following page.

Current and non-current assets

- Cash includes cash and cash equivalents i.e. cash held in the bank, petty cash and term deposits.
- Receivables are monies owed to Council by ratepayers and other debtors.
- Other assets include income earned but not yet received and accounts which have been prepaid.
- Property, plant and equipment, infrastructure is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment, and other items which have been invested in by Council over many years.

Current and non-current liabilities

- Payables are those to whom Council owes money as at 30 June 2019.
- Provisions include employee benefits, which is the accounting term for accrued long service and annual leave. Landfill restoration works are also grouped under provisions.
- Interest bearing loans and borrowings, which are repaid over a set period of time, finance leases that are leases of assets where ownership of the asset is transferred to the Council.

Net assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of Council as at 30 June 2019. The net value of the Council is also synonymous with total equity.

Total equity

- Asset revaluation reserve is the difference between the previously recorded value of property and infrastructure assets and their current valuations.
- Accumulated surplus is the value of all net assets accumulated over time, including other reserve allocations for specific projects.

3. Statement of Changes in Equity

During the course of the year, the value of total ratepayers equity as set out in the Balance Sheet changes. This statement shows the values of such changes and how these changes arose.

The main reason for a change in equity stem from:

- The surplus/(deficit) for the year from operations, described in the Comprehensive Income Statement as the surplus/(deficit) for the year.
- Revaluation of assets; takes on a regular schedule basis on average every three years. It also occurs when existing assets are taken up in the books for the first time.

4. Statement of Cash Flows

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific accounting standard and needs some care in analysis.

The values may differ from those shown in the Comprehensive Income Statement because the Comprehensive Income Statement is prepared on an accrual accounting basis.

Cash in this statement refers to bank deposits and other forms of highly liquid investments that can readily be converted to cash.

Council's cash arises from, and is used in, three main areas:

Cash flow operating activities

- Receipts – all cash received into Council's bank account from ratepayers and others that owed money to Council. Receipts also include the interest earned from Council's cash investments. It does not include the costs associated with the sale of assets.
- Payments – all cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.

Cash flow from investing activities

The accounting term investing activities relates to payments for the acquisition and creation of assets, such as new plant, roads and other long-term revenue producing assets, and the proceeds from the sale of assets such as plant and land.

Cash flow from financing activities

This is where the receipt and repayment of borrowed funds are recorded. The bottom line of the Cash Flow Statement is the cash at end of financial year. This shows the capacity of Council to meet its debts and other liabilities.

5. Statement of Capital Works

Each year a significant portion of Council budget gets allocated to Capital Works projects. This Statement aims to give readers an understanding of what capital works assets have been built, upgraded or renewed throughout the financial year.

This Statement is broken down by asset category to provide further information as to what asset category these funds have been spent.

Notes to the Accounts

The notes are a very important and informative section of the report. The Australian Accounting Standards are not prescriptive in a lot of issues. Therefore, to enable the reader to understand the basis on which the values shown in the statements are established, it is necessary to provide details of Council's accounting policies. These are described in Note 1.

Apart from the accounting policies, the notes also give details behind many of the summary figures contained in the statements. The note numbers are shown beside the relevant items in the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works.

Where Council wishes to disclose other information that cannot be incorporated onto the face of the Statements, this is shown in the notes.

The notes also include a comparison to budget (note 2). This note reports on the actual performance of Council to its adopted budget, and provides commentary to all material variances.

The notes should be read at the same time as, and together with, the other parts of the financial statements to get a clear picture of the accounts.

Statements by Principal Accounting Officer and Councillors

The Certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council that, in his opinion, the financial statements have met all the statutory and professional reporting requirements.

The Certification of Councillors is made by two Councillors on behalf of Council that, in their opinion, the financial statements are fair and not misleading. The Chief Executive Officer also endorses and signs the certification.

Auditor General's Report

The Independent Audit Report is the external and independent opinion on the financial statements. It provides the reader with a totally independent opinion on the financial statements. The opinion covers both the statutory and professional requirements and also the fairness aspects of the financial statements.



General Purpose Financial Statements

**Swan Hill Rural City Council
Financial Report
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Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.



David Lenton CPA
Principal Accounting Officer

Date : 19 September 2019
Swan Hill

In our opinion the accompanying financial statements present fairly the financial transactions of Swan Hill Rural City Council for the year ended 30 June 2019 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



Ann Young
Councillor (Mayor)

Date : 19 September 2019
Swan Hill



Lea Johnson
Councillor

Date : 19 September 2019
Swan Hill



John McLinden
Chief Executive Officer

Date : 19 September 2019
Swan Hill

Independent Auditor's Report

To the Councillors of Swan Hill Rural City Council

Opinion	<p>I have audited the financial report of Swan Hill Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive income statement for the year then ended• statement of changes in equity for the year then ended• statement of cash flows for the year then ended• statement of capital works for the year then ended• notes to the financial statements, including significant accounting policies• certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report


As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
23 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Income			
Rates and charges	3.1	27,691,421	26,702,822
Statutory fees and fines	3.2	1,036,820	944,039
User fees	3.3	4,517,110	4,583,417
Grants - operating	3.4	10,881,813	10,265,430
Grants - capital	3.4	3,650,527	4,823,938
Contributions - monetary	3.5	264,508	339,453
Contributions - non monetary	3.5	475,683	327,273
Net gain on disposal of property, infrastructure, plant and equipment	3.6	1,004,644	245,312
Other income	3.7	2,636,625	2,568,999
Total income		52,159,151	50,800,683
Expenses			
Employee costs	4.1	19,194,683	18,288,780
Materials and services	4.2	15,136,864	16,014,005
Depreciation and amortisation	4.3	8,534,709	8,244,117
Bad and doubtful debts	4.4	51,072	34,495
Borrowing costs	4.5	332,455	357,303
Other expenses	4.6	1,514,182	2,084,305
Total expenses		44,763,965	45,023,005
Surplus for the year		7,395,186	5,777,678
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1	7,906,425	6,388,520
Total comprehensive result		15,301,611	12,166,198

The above comprehensive income statement should be read in conjunction with the accompanying notes.

Balance Sheet As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5.1	7,989,911	2,577,351
Trade and other receivables	5.1	2,653,132	1,672,565
Other financial assets	5.1	21,589,437	21,102,583
Inventories	5.2	161,558	94,381
Other assets	5.2	389,015	702,263
Total current assets		<u>32,783,053</u>	<u>26,149,143</u>
Non-current assets			
Trade and other receivables	5.1	60,850	71,358
Other assets	5.2	50,000	50,000
Property, infrastructure, plant and equipment	6.1	458,720,968	448,375,475
Intangible assets	5.2	2,764,800	1,843,200
Total non-current assets		<u>461,596,618</u>	<u>450,340,033</u>
Total assets		<u>494,379,671</u>	<u>476,489,176</u>
Liabilities			
Current liabilities			
Trade and other payables	5.3	2,737,383	1,781,015
Trust funds and deposits	5.3	238,715	147,046
Provisions	5.5	5,130,074	4,850,141
Interest-bearing liabilities	5.4	509,042	483,917
Total current liabilities		<u>8,615,214</u>	<u>7,262,119</u>
Non-current liabilities			
Provisions	5.5	1,371,941	1,389,350
Interest-bearing liabilities	5.4	7,413,170	6,159,972
Total non-current liabilities		<u>8,785,111</u>	<u>7,549,322</u>
Total liabilities		<u>17,400,325</u>	<u>14,811,441</u>
Net assets		<u>476,979,346</u>	<u>461,677,735</u>
Equity			
Accumulated surplus		298,312,667	290,917,481
Reserves	9.1	178,666,679	170,760,254
Total Equity		<u>476,979,346</u>	<u>461,677,735</u>

The above balance sheet should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity
For the Year Ended 30 June 2019**

2019	Note	Total \$	Accumulated Surplus \$	Revaluation Reserve \$
Balance at beginning of the financial year		461,677,735	290,917,481	170,760,254
Surplus for the year		7,395,186	7,395,186	-
Net asset revaluation increment	9.1	7,906,425	-	7,906,425
Balance at end of the financial year		476,979,346	298,312,667	178,666,679

2018		Total \$	Accumulated Surplus \$	Revaluation Reserve \$
Balance at beginning of the financial year		449,511,537	285,139,803	164,371,734
Surplus for the year		5,777,678	5,777,678	-
Net asset revaluation increment	9.1	6,388,520	-	6,388,520
Balance at end of the financial year		461,677,735	290,917,481	170,760,254

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows For the Year Ended 30 June 2019

	2019 Inflows/ (Outflows) \$	2018 Inflows/ (Outflows) \$
Cash flows from operating activities		
Rates and charges	27,486,617	26,731,182
Statutory fees and fines	1,036,820	944,039
User fees	3,679,894	4,893,357
Grants - operating	10,881,813	10,265,430
Grants - capital	3,650,527	4,823,938
Contributions - monetary	254,358	339,453
Interest received	853,635	696,362
Other receipts	1,814,031	1,872,637
Net GST refund/payment	1,808,368	1,815,209
Employee costs	(19,255,459)	(18,909,138)
Materials and services	(15,560,674)	(18,379,461)
Other payments	(748,425)	(874,562)
Net cash provided by operating activities	15,901,505	14,218,446
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment	6.1 (12,155,369)	(10,747,635)
Proceeds from sale of property, infrastructure, plant and equipment	1,180,290	461,655
Payments for investments	(486,854)	-
Proceeds from sale of investments	-	(6,530,329)
Net cash used in investing activities	(11,461,933)	(16,816,309)
Cash flows from financing activities		
Finance costs	(332,455)	(357,303)
Proceeds from borrowings	1,800,000	-
Repayment of borrowings	(494,557)	(1,001,099)
Net cash provided by/(used in) financing activities	972,988	(1,358,402)
Net increase (decrease) in cash and cash equivalents	5,412,560	(3,956,265)
Cash and cash equivalents at the beginning of the financial year	2,577,351	6,533,616
Cash and cash equivalents at the end of the financial year	7,989,911	2,577,351
Restrictions on cash assets	5.1	
Financing arrangements	5.6	

The above statement of cash flows should be read in conjunction with the accompanying notes.

**Statement of Capital Works
For the Year Ended 30 June 2019**

	Note	2019 \$	2018 \$
Property			
Land		-	152,351
Buildings		1,091,629	583,646
Total property		1,091,629	735,997
Plant and equipment			
Plant, machinery and equipment		1,280,357	1,665,539
Fixtures, fittings and furniture		42,128	75,000
Computers and telecommunications		61,918	29,826
Total plant and equipment		1,384,403	1,770,365
Infrastructure			
Sealed roads		5,017,981	4,397,225
Unsealed roads		1,043,741	1,310,988
Footpaths and cycleways		307,463	408,244
Drainage		376,379	1,091,736
Recreational, leisure and community facilities		245,924	204,281
Parks, open space and streetscapes		263,081	65,748
Other infrastructure		2,134,211	236,855
Total infrastructure		9,388,780	7,715,077
Culture and heritage			
Library books		129,721	140,483
Artworks		2,000	2,945
Pioneer Settlement - buildings		63,188	-
Pioneer Settlement - vehicles and vessels		95,648	382,768
Total plant and equipment		290,557	526,196
Total capital works expenditure		12,155,369	10,747,635
Represented by:			
New asset expenditure		1,077,545	2,575,215
Asset renewal expenditure		9,966,264	7,493,971
Asset expansion expenditure		-	-
Asset upgrade expenditure		1,111,560	678,449
Total capital works expenditure		12,155,369	10,747,635

The above statement of capital works should be read in conjunction with the accompanying notes.

Notes to the Financial Report For the Year Ended 30 June 2019

OVERVIEW

Introduction

The Swan Hill Rural City Council was established by an Order of the Governor in Council on 20 January 1995 and is a body corporate.

The Council's main office is located at 45 Splatt St Swan Hill.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

Notes to the Financial Report For the Year Ended 30 June 2019

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 26 June 2018. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2019 \$	Actual 2019 \$	Variance 2019 \$	Variance %	Ref
Income					
Rates and charges	27,624,000	27,691,421	67,421	0%	
Statutory fees and fines	907,000	1,036,820	129,820	14%	1
User fees	4,694,000	4,517,110	(176,890)	(4%)	
Grants - operating	11,467,000	10,881,813	(585,187)	(5%)	
Grants - capital	3,357,000	3,650,527	293,527	9%	
Contributions - monetary	215,000	264,508	49,508	23%	2
Contributions - non monetary	-	475,683	475,683	100%	3
Net gain on disposal of property, infrastructure, plant and equipment	295,000	1,004,644	709,644	241%	4
Other income	3,688,000	2,636,625	(1,051,375)	(29%)	5
Total income	52,247,000	52,159,151	(87,849)	0%	
Expenses					
Employee costs	19,739,000	19,194,683	544,317	3%	
Materials and services	16,519,000	15,136,864	1,382,136	8%	6
Depreciation and amortisation	9,010,000	8,534,709	475,291	5%	
Bad and doubtful debts	2,000	51,072	(49,072)	(2454%)	7
Borrowing costs	362,000	332,455	29,545	8%	
Other expenses	1,092,000	1,514,182	(422,182)	(39%)	8
Total expenses	46,724,000	44,763,965	1,960,035	4%	
Surplus/(deficit) for the year	5,523,000	7,395,186	(2,047,884)	(37%)	

**Notes to the Financial Report
For the Year Ended 30 June 2019**

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Valuation data fees for 2017/18 (\$70,000) were not received until 2018/19 and valuations data income from the Department of Treasury and Finance of \$34,000 had not been forecast.
2	Contributions - monetary	Council received assistance funding of \$60,000 from land owners to upgrade roads under the Local Roads to Market grant funding program which had not been forecast.
3	Contributions - non monetary	Donated assets were not forecast. This income comes from assets Council now controls donated by user groups.
4	Net gain on disposal of property, infrastructure, plant and equipment	This variance is due to the sale of a parcel of land at the Swan Hill Livestock Exchange, forecast to be received in 2017/18 but didn't eventuate until September 2018.
5	Other income	The next stage of the Tower Hill development wasn't available for sale until January 2019, so the result reflects only six months of sales, whereas the forecast was for sales over the year.
6	Materials and services	The budget included contractor payments of \$1.6M for the McCallum St roundabout project. VicRoads undertook this project and Council wasn't required to manage the contractor payments.
7	Bad and doubtful debts	Additional provisions were taken up for the increasing balance of outstanding infringement debtors.
8	Other expenses	Asset write offs and adjustments of \$513,000 had not been budgeted.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2019 \$	Actual 2019 \$	Variance 2019 \$	Variance 2019 %	Ref
Property					
Land	902,000	-	(902,000)	(100%)	1
Buildings	2,305,000	1,091,629	(1,213,371)	(53%)	2
Total property	3,207,000	1,091,629	(2,115,371)	(153%)	
Plant and equipment					
Plant, machinery and equipment	1,156,000	1,280,357	124,357	11%	3
Fixtures, fittings and furniture	-	42,128	42,128	100%	4
Computers and telecommunications	248,000	61,918	(186,082)	(75%)	5
Total plant and equipment	1,404,000	1,384,403	(19,597)	(1%)	
Infrastructure					
Sealed roads	4,473,000	5,017,981	544,981	12%	6
Unsealed roads	1,098,000	1,043,741	(54,259)	(5%)	
Footpaths and cycleways	267,000	307,463	40,463	15%	7
Drainage	911,000	376,379	(534,621)	(59%)	8
Recreational, leisure and community facilities	313,000	245,924	(67,076)	(21%)	9
Waste management	270,000	-	(270,000)	(100%)	10
Parks, open space and streetscapes	3,626,000	263,081	(3,362,919)	(93%)	11
Other infrastructure	1,842,000	2,134,211	292,211	16%	12
Total infrastructure	12,800,000	9,388,780	(3,411,220)	(27%)	
Cultural and heritage					
Library books	147,000	129,721	(17,279)	(12%)	13
Artworks	-	2,000	2,000	100%	
Pioneer Settlement - buildings	-	63,188	63,188	100%	14
Pioneer Settlement - vehicles and vessels	35,000	95,648	60,648	173%	15
Total plant and equipment	182,000	290,557	108,557	60%	
Total capital works expenditure	17,593,000	12,155,369	(5,437,631)	(121%)	
Represented by:					
New asset expenditure	7,786,000	1,077,545	(6,708,455)	(86%)	
Asset renewal expenditure	8,661,000	9,966,264	1,305,264	15%	
Asset upgrade expenditure	1,146,000	1,111,560	(34,440)	(3%)	
Total capital works expenditure	17,593,000	12,155,369	(5,437,631)	(31%)	

**Notes to the Financial Report
For the Year Ended 30 June 2019**

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	\$102,000 was budgeted for land acquisitions but no land purchases were made. \$800,000 was budgeted for Tower Hill Development, but the construction of the next stage won't occur until 2019/20.
2	Buildings	\$520,000 for the Ken Harrison Sporting Complex soccer pavilion and \$400,000 for the group fitness room at the Swan Hill Leisure centre were not undertaken in 2018/19 and will be completed in 2019/20.
3	Plant, machinery and equipment	A tractor and two mowers forecast to be purchased in 2017/18 were acquired in 2018/19 (\$151,000).
4	Fixtures, fittings and furniture	Office alterations and parking meter purchases were budgeted in buildings and plant and equipment.
5	Computers and telecommunications	The majority of the forecast included costs that could not be capitalised. This included software and items that didn't meet capitalisation thresholds.
6	Sealed roads	Grant funding received via the Local Roads to Market program of \$555,000 was received and spent that had not been forecast.
7	Footpaths and cycleways	Works forecast as parks and open space was capitalised as footpath assets.
8	Drainage	Expenditure on the Robinvale Town Levee was \$542,000 below forecast. The majority of these works are yet to occur.
9	Recreational, leisure and community facilities	The Milloo Street boat ramp extensions and upgrade had only \$30,000 of the \$120,000 budget spent to 30 June 2019.
10	Waste management	The transfer station and service road at the Swan Hill Landfill project (\$150,000) was delayed, and construction of a reuse shed to the value of \$188,000 was capitalised to buildings.
11	Parks, open space and streetscapes	\$3,159,000 of the budgeted \$3,626,000 relates to the Swan Hill Riverfront Masterplan. These funds were leveraged in the successful application for the Federal Governments regional growth funding. Council was successful in obtaining grant funding of \$16.8 million for joint infrastructure projects with 6 neighbouring Councils. Of this funding, \$7.7 million will be received by Council and used to undertake \$15.53 million in capital works projects to be delivered over the next two and a half years.
12	Other infrastructure	Expenditure on the Swan Hill Livestock Exchange redevelopment was \$968,000 above forecast, primarily due to \$706,000 worth of works forecast to be undertaken in 2017/18 and carried forward to 2018/19.
13	Library books	Expenditure on library books were below forecast.
14	Pioneer Settlement - buildings	Construction of a toilet at the Paragon Café was carried forward from 2017/18.
15	Pioneer Settlement - vehicles and vessels	Completion of the PS Gem restoration project was forecast to be completed in 2017/18. The final works on the project was carried forward and completed in 2018/19.

Notes to the Financial Report For the Year Ended 30 June 2019

Note 2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Economic growth

Economic growth will encourage new business development, provide support for business expansion and will continuously seek to help our existing businesses to prosper. This function provides, building and planning statutory services, management of caravan parks, economic development programs, regulatory services and parking control, management of the Pioneer Settlement and regional visitor information centre.

Community enrichment

Community enrichment function will provide a range of services to individuals and to the broader community that assist all in our community to live healthy, fulfilling lives. We will embrace our role as a regional centre by providing a range of cultural opportunities. The community enrichment function includes aged care services, maternal and child health, after school and vacation programs, libraries, art gallery and performing arts.

Infrastructure

Infrastructure will provide and maintain publicly accessible infrastructure that is appropriate for the community's needs in the most effective and efficient manner possible. The infrastructure function is responsible for constructing new infrastructure and maintaining existing infrastructure across the municipality.

Governance and leadership

Governance and leadership provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The function will plan for our municipality's long term growth and development by committing to a robust program of strategic planning while representing our community's interests and conducting our affairs openly and with integrity, reflecting the high levels of governance our community expects.

Notes to the Financial Report
For the Year Ended 30 June 2019

Note 2.1 Analysis of Council results by program

2.1 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
2019	\$	\$	\$	\$	\$
Economic growth	4,479,187	(9,760,775)	(5,281,588)	780,810	7,561,158
Community enrichment	4,451,807	(7,028,927)	(2,577,120)	3,200,417	2,441,398
Infrastructure	10,999,539	(20,754,761)	(9,755,222)	5,817,781	449,569,851
Governance and leadership	32,228,618	(7,219,502)	25,009,116	4,733,330	34,807,264
	<u>52,159,151</u>	<u>(44,763,965)</u>	<u>7,395,186</u>	<u>14,532,338</u>	<u>494,379,671</u>

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
2018	\$	\$	\$	\$	\$
Economic growth	5,517,480	(10,136,590)	(4,619,110)	1,645,488	7,500,649
Community enrichment	4,642,485	(7,076,994)	(2,434,509)	3,055,374	2,500,785
Infrastructure	10,442,806	(18,966,725)	(8,523,919)	5,839,174	437,929,907
Governance and leadership	30,197,912	(8,842,696)	21,355,216	4,549,333	28,557,835
	<u>50,800,683</u>	<u>(45,023,005)</u>	<u>5,777,678</u>	<u>15,089,369</u>	<u>476,489,176</u>

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 3 Funding for the delivery of our services	2019	2018
3.1 Rates and charges	\$	\$

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the value of its land, buildings and improvements.

The valuation base used to calculate general rates for 2018/19 was \$3,938 million (2017/18 \$3,630 million).

Residential	10,224,264	9,889,446
Commercial	1,741,150	1,774,224
Industrial	741,090	749,189
Farm/rural	11,301,265	10,770,131
Supplementary rates and rate adjustments	167,542	215,287
Garbage charge	3,122,662	2,983,598
Special Marketing Rates	362,347	355,569
Rate agreements - Electricity Industry Act	132,217	-
Other	(86,288)	(7,588)
Abandonments	(14,828)	(27,034)
Total rates and charges	<u>27,691,421</u>	<u>26,702,822</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

Infringements and costs	90,275	103,864
Building and planning fees	512,722	502,518
Valuation data fees	120,516	12,903
Animal registration and release fees	146,306	143,151
Health registration fees	122,612	131,688
Other fees and fines	44,389	49,915
Total statutory fees and fines	<u>1,036,820</u>	<u>944,039</u>

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

3.3 User fees

Aged and health services	648,604	771,924
Administration fees	104,063	36,782
Child care/children's programs	136,621	192,371
Parking	255,497	261,938
Sales - admissions	1,110,595	1,128,720
Sales - merchandise, catering, other sales	540,398	451,050
Hire & leasing fees	731,127	717,903
Livestock exchange	635,366	591,122
Other fees and charges	354,839	431,607
Total user fees	<u>4,517,110</u>	<u>4,583,417</u>

User fees are recognised as revenue when the service has been provided or Council has otherwise earned the income.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	8,414,023	10,507,144
State funded grants	6,118,317	4,582,224
Total grants received	14,532,340	15,089,368
(a) Operating Grants		
Recurrent - Commonwealth Government		
Commonwealth Government - health and aged care	-	1,473,745
Victoria Grants Commission - general purpose	4,732,893	4,523,424
Victoria Grants Commission - local roads	2,266,908	2,124,431
Family day care	222,649	232,796
Out of school hours care	164,353	136,331
Recurrent - State Government		
Employment subsidies	438	25,841
Public health	23,457	25,252
Home and community care	1,526,588	209,672
Art gallery and performing arts	150,000	150,000
School crossing supervisors	48,328	31,732
Economic development	-	(95,753)
Libraries	197,073	194,801
Maternal child health	457,008	360,068
Other	115,569	119,435
Total recurrent operating grants	9,905,264	9,511,775
Non-recurrent - State Government		
Community projects	228,387	213,266
Environmental protection	85,000	106,000
Waste management	800	19,200
Indigenous affairs	5,688	-
Cultural heritage	17,600	96,200
Libraries	4,726	2,345
Economic development	98,750	33,380
Home and community care	181,907	106,907
Family and children	271,182	85,177
Other	82,509	91,180
Total non-recurrent operating grants	976,549	753,655
Total operating grants	10,881,813	10,265,430
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	1,027,220	2,016,417
Total recurrent capital grants	1,027,220	2,016,417
Non-recurrent - State Government		
Roads	679,683	396,545
Drainage	447,980	355,000
Parks playgrounds and street beautification	560,228	401,489
Art and heritage	116,731	1,376,131
Buildings	320,610	27,969
Waste management	60,000	-
Livestock exchange	438,075	-
Other	-	250,387
Total non-recurrent capital grants	2,623,307	2,807,521
Total capital grants	3,650,527	4,823,938

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	4,769,511	4,282,376
Received during the financial year and remained unspent at balance date	5,265,579	4,244,206
Received in prior years and spent during the financial year	<u>(4,081,556)</u>	<u>(3,757,071)</u>
Balance at year end	<u>5,953,534</u>	<u>4,769,511</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

3.5 Contributions

Monetary	264,508	339,453
Non-monetary	475,683	327,273
Total contributions	<u>740,191</u>	<u>666,726</u>

Contributions of non-monetary assets were received in relation to the following asset classes.

Artwork	-	71,300
Library books	2,955	10,905
Buildings	220,000	150,000
Sealed roads	-	83,368
Plant and equipment	252,728	-
Other	-	11,700
Total non-monetary contributions	<u>475,683</u>	<u>327,273</u>

Monetary and non-monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

3.6 Net gain on disposal of property, infrastructure, plant and equipment

Proceeds of sale	1,180,290	461,655
Written down value of assets disposed	<u>(175,646)</u>	<u>(216,343)</u>
Total net gain on disposal of property, infrastructure, plant and equipment	<u>1,004,644</u>	<u>245,312</u>

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

3.7 Other income

Interest	853,635	696,362
Reimbursements	461,758	492,812
Tower Hill land sales	1,087,273	1,183,636
Less - Tower Hill costs of goods sold	<u>(24,629)</u>	<u>(28,375)</u>
Other	258,588	224,564
Total other income	<u>2,636,625</u>	<u>2,568,999</u>

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
Note 4 The cost of delivering services		
4.1 (a) Employee costs		
Wages and salaries	15,440,504	15,005,177
WorkCover	407,707	384,917
Agency staff	665,688	602,354
Long service leave	657,937	452,467
Staff training	179,382	176,039
Superannuation	1,685,142	1,514,692
Fringe benefits tax	59,504	57,309
Other	98,819	95,825
Total employee costs	19,194,683	18,288,780

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	171,003	197,353
	<u>171,003</u>	<u>197,353</u>
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,421,610	1,295,802
Employer contributions - other funds	-	21,537
	<u>1,421,610</u>	<u>1,317,339</u>
Employer contributions payable at reporting date.	-	-

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

Contract payments	5,802,525	7,425,738
Community grants sponsorship and contributions	1,242,166	1,212,299
Building maintenance	794,787	812,776
General maintenance	1,911,679	1,513,483
Utilities	1,561,798	1,489,937
Office administration	817,089	823,069
Information technology	642,198	474,387
Insurance	673,426	603,669
Consultants	494,426	585,846
Other materials and services	1,196,770	1,072,801
Total materials and services	15,136,864	16,014,005

4.3 Depreciation and amortisation

Property	760,499	820,825
Plant and equipment	1,338,027	1,267,197
Infrastructure	6,204,993	5,927,157
Culture and heritage assets	231,190	228,938
Total depreciation and amortisation	8,534,709	8,244,117

Refer to note 5.2(c) and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
4.4 Bad and doubtful debts		
Parking fine debtors	53,023	36,308
Rates debtors	(2,816)	6,543
Other debtors	865	(8,356)
Total bad and doubtful debts	51,072	34,495
Movement in provisions for doubtful debts		
Balance at the beginning of the year	200,172	174,982
New provisions recognised during the year	75,912	61,837
Amounts already provided for and written off as uncollectible	(10,499)	(9,304)
Amounts provided for but recovered during the year	(24,840)	(27,343)
Balance at end of year	<u>240,745</u>	<u>200,172</u>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

- Historical rate has been used in the calculations for the rates and other debtor categories.
- A forward looking adjustment rate has been used for parking and infringement debtors. This rate factors the likely collection of continually aging debtors.

4.5 Borrowing costs

Interest - borrowings	326,443	351,291
Interest - finance leases	6,012	6,012
Total borrowing costs	332,455	357,303

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	54,300	53,000
Auditors' remuneration - internal	24,848	23,444
Auditors' remuneration - other	-	2,395
Councillors' allowances	236,700	238,625
Operating lease rentals	372,087	424,983
Assets written-off	513,562	1,050,303
Vehicle registrations	79,836	81,910
Bank charges	52,368	53,309
Legal costs	62,850	34,137
Fire services levy	60,916	67,324
Other	56,715	54,875
Total other expenses	1,514,182	2,084,305

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
Note 5 Our financial position		
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	11,795	11,795
Cash at bank	2,941,942	2,565,556
Term deposits	5,036,174	-
Total cash and cash equivalents	<u>7,989,911</u>	<u>2,577,351</u>
(b) Other financial assets		
Term deposits - current	21,589,437	21,102,583
Total other financial assets	<u>21,589,437</u>	<u>21,102,583</u>
Total financial assets	<u>29,579,348</u>	<u>23,679,934</u>

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	238,715	147,046
Total restricted funds	<u>238,715</u>	<u>147,046</u>
Total unrestricted cash and cash equivalents	<u>7,751,196</u>	<u>2,430,305</u>

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- unspent conditional grants received	5,953,534	4,769,511
- cash held to fund carried forward capital works	4,224,515	2,479,200
Total funds subject to intended allocations	<u>10,178,049</u>	<u>7,248,711</u>

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,233,077	1,028,273
Provision for doubtful debts - rates debtors	(26,339)	(29,155)
Private scheme debtors	9,834	9,750
Net GST receivable	685,184	258,482
Infringement debtors	216,484	186,736
Provision for doubtful debts - infringements	(205,947)	(158,975)
<i>Non statutory receivables</i>		
Other debtors	749,298	389,496
Provision for doubtful debts - other debtors	(8,459)	(12,042)
Total current trade and other receivables	2,653,132	1,672,565
Non-current		
<i>Non statutory receivables</i>		
Private scheme debtors	8,939	16,599
Loans and advances to community organisations	51,911	54,759
Total non-current trade and other receivables	60,850	71,358
Total trade and other receivables	2,713,982	1,743,923

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	131,523	209,186
Past due between 31 and 180 days	533,476	108,730
Past due between 181 and 365 days	44,095	21,879
Past due by more than 1 year	40,202	49,701
Total trade and other receivables	749,296	389,496

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$749,296 (2018: \$389,496) were impaired. The amount of the provision raised against these debtors was \$8,459 (2018: \$12,042). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Past due between 31 and 180 days	3,867	677
Past due between 181 and 365 days	1,844	2,008
Past due by more than 1 year	2,748	9,357
Total trade and other receivables	8,459	12,042

**Notes to the Financial Report
For the Year Ended 30 June 2019**

5.2 Non-financial assets	2019	2018
(a) Inventories	\$	\$
Inventories held for distribution	30,543	18,464
Inventories held for sale	41,412	30,817
Tower Hill estate	89,603	45,100
Total inventories	161,558	94,381

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(b) Other assets

Current

Prepayments	139,244	570,694
Accrued income	249,771	131,569
Total current other assets	389,015	702,263

Non-current

Other	50,000	50,000
Total non-current other assets	50,000	50,000
Total other assets	439,015	752,263

(c) Intangible assets

Water rights	2,764,800	1,843,200
Total intangible assets	2,764,800	1,843,200

**Water Rights
\$**

Gross carrying amount

Balance at 1 July 2018	1,843,200
Asset revaluations	921,600
Balance at 1 July 2019	<u>2,764,800</u>

Net book value at 30 June 2018	<u>1,843,200</u>
Net book value at 30 June 2019	<u>2,764,800</u>

Water rights are valued at current market rates. The valuation is based on market transactions being the trading of water shares within the relevant water trading region. Prices are sourced from the Victorian Water Register for water traded within trading zone 7 VIC Murray - Barmah to SA.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
5.3 Payables		
(a) Trade and other payables		
Trade payables	201,321	262,734
Salaries and wages	828,923	719,464
Accrued expenses	1,707,139	798,817
Total trade and other payables	2,737,383	1,781,015
(b) Trust funds and deposits		
Refundable deposits	82,177	90,906
Fire services levy	1,333	910
Retention amounts	155,205	55,230
Total trust funds and deposits	238,715	147,046

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the State Government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

5.4 Interest-bearing liabilities

Current

Borrowings - secured (1)	481,922	456,797
Finance leases	27,120	27,120
	509,042	483,917

Non-current

Borrowings - secured (1)	7,358,930	6,078,612
Finance leases	54,240	81,360
	7,413,170	6,159,972
Total interest bearing liabilities	7,922,212	6,643,889

(1) Borrowings are secured by Swan Hill Rural City Council General Rates

(a) The maturity profile for Council's borrowings is:

Not later than one year	481,922	456,797
Later than one year and not later than five years	5,930,049	5,578,612
Later than five years	1,428,881	500,000
	7,840,852	6,535,409

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

	2019	2018
	\$	\$
(b) The maturity profile for Council's finance lease liabilities is:		
Not later than one year	27,120	27,120
Later than one year and not later than five years	54,240	81,360
	81,360	108,480
Minimum future lease payments		
Less future finance charges	18,036	24,048
	99,396	132,528
Present value of minimum lease payments		
	99,396	132,528

Council has a finance lease agreement for the supply and usage of Multi Function Printers.

The term of the lease is 5 years beginning in July 2017. Lease repayments are fixed for the life of the lease agreement.

Repayments are made monthly, with a lease and usage component. There is no option to purchase the assets at the end of the lease.

5.5 Provisions

	Annual leave	Long service	Landfill restoration	Other	Total
	\$	\$	\$	\$	\$
2019					
Balance at beginning of the financial year	1,332,138	3,716,453	1,190,900	-	6,239,491
Additional provisions	1,128,835	380,780	(535)	118,425	1,627,505
Amounts used	(1,133,752)	(283,857)	-	-	(1,417,609)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	1,475	28,111	23,042	-	52,628
Balance at the end of the financial year	1,328,696	3,841,487	1,213,407	118,425	6,502,015
2018					
Balance at beginning of the financial year	1,373,603	3,715,081	1,446,140	-	6,534,824
Additional provisions	1,069,313	312,129	47,845	-	1,429,287
Amounts used	(1,102,826)	(289,830)	(292,373)	-	(1,685,029)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(7,952)	(20,927)	(10,712)	-	(39,591)
Balance at the end of the financial year	1,332,138	3,716,453	1,190,900	-	6,239,491

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,106,403	1,057,385
Long service leave	211,866	176,625
	1,318,269	1,234,010
Current provisions expected to be wholly settled after 12 months		
Annual leave	222,293	274,753
Long service leave	3,415,813	3,286,251
	3,638,106	3,561,004
Total current employee provisions	4,956,375	4,795,014
Non-current		
Long service leave	213,808	253,577
Total non-current employee provisions	213,808	253,577
Aggregate carrying amount of employee provisions:		
Current	4,956,375	4,795,014
Non-current	213,808	253,577
Total aggregate carrying amount of employee provisions	5,170,183	5,048,591

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

Key assumptions:

- discount rate	0.96% - 1.40%	1.91% - 2.67%
- index rate	2.75%	3.63%

(b) Landfill restoration

Current	55,274	55,127
Non-current	1,158,133	1,135,773
	1,213,407	1,190,900

Council is obligated to restore the Swan Hill and Robinvale landfill sites to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

- discount rate	0.96% - 1.03%	2.00% - 2.29%
- index rate	1.30%	2.00%

**Notes to the Financial Report
For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
(c) Other provisions		
Current	118,425	-
Non-current	-	-
	118,425	-
Total provisions		
Current	5,130,074	4,850,141
Non-current	1,371,941	1,389,350
	6,502,015	6,239,491

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2019.

Credit card facilities	200,000	200,000
Loans and borrowings	7,840,852	6,535,409
Total facilities	8,040,852	6,735,409
Used facilities	7,861,678	6,548,850
Unused facilities	179,174	186,559

**Notes to the Financial Report
For the Year Ended 30 June 2019**

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2019	Not later	Later than 1	Later than 2	Total
	than 1 year	year and not later than 2 years	years and not later than 5 years	
	\$	\$	\$	\$
Operating				
Building and property maintenance	642,353	438,572	-	1,080,925
Cleaning - council buildings, public toilets, barbeques	9,239	-	-	9,239
Materials and supplies	1,013,743	481,250	267,500	1,762,493
Office equipment leases	94,048	62,287	94,048	250,383
Professional services	465,468	-	-	465,468
Management & operation of the PS Pyap	185,000	190,550	196,300	571,850
Recreation, leisure and community facilities	1,086,311	1,135,024	7,500	2,228,835
Uniforms	15,215	-	-	15,215
Waste management operation and kerbside collection	1,731,005	1,672,851	77,028	3,480,884
Total	5,242,382	3,980,534	642,376	9,865,292
Capital				
Buildings	64,100	-	-	64,100
Drainage	247,151	-	-	247,151
Plant & equipment	591,211	-	-	591,211
Sealed roads	1,079,959	1,400,000	-	2,479,959
Parks and open space	263,160	-	-	263,160
Waste management	200,000	200,000	-	400,000
Other infrastructure	145,408	-	-	145,408
Cultural and heritage	48,975	-	-	48,975
Total	2,639,964	1,600,000	-	4,239,964
2018				
	Not later	Later than 1	Later than 2	Total
	than 1 year	year and not later than 2 years	years and not later than 5 years	
	\$	\$	\$	\$
Operating				
Building and property maintenance	145,611	77,847	-	223,458
Cleaning - council buildings, public toilets, barbeques	568,317	-	-	568,317
Environmental management	390,000	390,000	-	780,000
Materials and supplies	621,440	565,000	275,000	1,461,440
Office equipment leases	94,048	94,048	145,748	333,844
Professional services	279,956	-	-	279,956
Management & operation of the PS Pyap	159,848	-	-	159,848
Recreation, leisure and community facilities	1,061,811	1,120,024	-	2,181,835
Strategic planning	60,243	-	-	60,243
Uniforms	13,360	-	-	13,360
Valuations and rating	112,675	6,000	-	118,675
Waste management operation and kerbside collection	1,611,480	1,672,851	421,140	3,705,471
Total	5,118,789	3,925,770	841,888	9,886,447
Capital				
Drainage	231,000	-	-	231,000
Plant & equipment	150,499	-	-	150,499
Sealed roads	2,286,387	-	-	2,286,387
Unsealed roads	154,854	-	-	154,854
Waste management	200,000	200,000	-	400,000
Other infrastructure	69,040	-	-	69,040
Total	3,091,780	200,000	-	3,291,780

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	2019	2018
	\$	\$
Not later than one year	391,690	392,996
Later than one year and not later than five years	1,519,858	1,635,756
Later than five years	767,523	1,224,249
	<u>2,679,071</u>	<u>3,253,001</u>

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 6 Assets we manage

6.1 Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2018	Additions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Property	100,624,630	996,731	220,000	-	(760,499)	(70,383)	71,984	101,082,463
Plant and equipment	6,171,006	1,351,737	252,728	-	(1,338,027)	(176,022)	-	6,261,422
Infrastructure	330,894,389	8,836,648	-	6,984,825	(6,204,993)	(485,420)	297,870	340,323,319
Culture and heritage assets	9,730,060	290,557	2,955	-	(231,190)	-	-	9,792,382
Work in progress	955,390	679,696	-	-	-	(3,850)	(369,854)	1,261,382
	448,375,475	12,155,369	475,683	6,984,825	(8,534,709)	(735,675)	-	458,720,968

Summary of work in progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$	\$	\$	\$	\$
Property	122,420	94,898	(3,850)	(71,984)	141,484
Plant and equipment	-	32,666	-	-	32,666
Infrastructure	832,970	552,132	-	(297,870)	1,087,232
Total	955,390	679,696	(3,850)	(369,854)	1,261,382

**Notes to the Financial Report
For the Year Ended 30 June 2019**

(a) Property

	Land - specialised	Land - non specialised	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Total Property	Work In Progress
	\$	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2018	58,567,804	6,426,600	64,994,404	101,244,948	4,284,580	105,529,528	170,523,932	122,420
Accumulated depreciation at 1 July 2018	-	-	-	(69,779,710)	(119,592)	(69,899,302)	(69,899,302)	-
	<u>58,567,804</u>	<u>6,426,600</u>	<u>64,994,404</u>	<u>31,465,238</u>	<u>4,164,988</u>	<u>35,630,226</u>	<u>100,624,630</u>	<u>122,420</u>
Movements in fair value								
Additions	-	-	-	996,731	-	996,731	996,731	94,898
Contributions	-	-	-	220,000	-	220,000	220,000	-
Disposal	-	(69,689)	(69,689)	(5,278)	-	(5,278)	(74,967)	(3,850)
Transfers	(65,406)	65,406	-	71,984	-	71,984	71,984	(71,984)
	<u>(65,406)</u>	<u>(4,283)</u>	<u>69,689</u>	<u>1,283,437</u>	<u>-</u>	<u>1,283,437</u>	<u>1,213,748</u>	<u>19,064</u>
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(683,130)	(77,369)	(760,499)	(760,499)	-
Accumulated depreciation of disposals	-	-	-	4,584	-	4,584	4,584	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(678,546)</u>	<u>(77,369)</u>	<u>(755,915)</u>	<u>(755,915)</u>	<u>-</u>
At fair value 30 June 2019	58,502,398	6,422,317	64,924,715	102,528,385	4,284,580	106,812,965	171,737,680	141,484
Accumulated depreciation at 30 June 2019	-	-	-	(70,458,256)	(196,961)	(70,655,217)	(70,655,217)	-
	<u>58,502,398</u>	<u>6,422,317</u>	<u>64,924,715</u>	<u>32,070,129</u>	<u>4,087,619</u>	<u>36,157,748</u>	<u>101,082,463</u>	<u>141,484</u>

**Notes to the Financial Report
For the Year Ended 30 June 2019**

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Total plant and equipment	Work In Progress
	\$	\$	\$	\$	\$
At fair value 1 July 2018	11,226,611	4,184,797	1,250,830	16,662,238	-
Accumulated depreciation at 1 July 2018	(7,701,620)	(1,780,794)	(1,008,818)	(10,491,232)	-
	<u>3,524,991</u>	<u>2,404,003</u>	<u>242,012</u>	<u>6,171,006</u>	<u>-</u>
Movements in fair value					
Additions	1,247,691	42,128	61,918	1,351,737	32,666
Contributions	252,728	-	-	252,728	-
Disposal	(1,004,567)	(1,497)	(18,560)	(1,024,624)	-
	<u>495,852</u>	<u>40,631</u>	<u>43,358</u>	<u>579,841</u>	<u>32,666</u>
Movements in accumulated depreciation					
Depreciation and amortisation	(883,151)	(353,209)	(101,667)	(1,338,027)	-
Accumulated depreciation of disposals	828,919	1,123	18,560	848,602	-
	<u>(54,232)</u>	<u>(352,086)</u>	<u>(83,107)</u>	<u>(489,425)</u>	<u>-</u>
At fair value 30 June 2019	11,722,463	4,225,428	1,294,188	17,242,079	32,666
Accumulated depreciation at 30 June 2019	(7,755,852)	(2,132,880)	(1,091,925)	(10,980,657)	-
	<u>3,966,611</u>	<u>2,092,548</u>	<u>202,263</u>	<u>6,261,422</u>	<u>32,666</u>

**Notes to the Financial Report
For the Year Ended 30 June 2019**

(c) Infrastructure

	Sealed roads	Unsealed roads	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Other Infrastructure	Total Infrastructure	Work In Progress
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2018	246,270,149	100,725,235	25,503,959	56,383,850	12,562,135	6,097,092	9,913,388	9,547,036	467,002,844	832,970
Accumulated depreciation at 1 July 2018	(73,608,237)	(7,942,044)	(11,022,094)	(22,609,454)	(6,275,919)	(5,216,778)	(6,482,721)	(2,951,208)	(136,108,455)	-
	172,661,912	92,783,191	14,481,865	33,774,396	6,286,216	880,314	3,430,667	6,595,828	330,894,389	832,970
Movements in fair value										
Additions	4,757,118	1,016,903	265,608	279,883	238,224	-	174,951	2,103,961	8,836,648	552,132
Revaluation	7,798,528	-	4,777,307	-	-	-	-	-	12,575,835	-
Disposal	(784,538)	-	(108,730)	(32,770)	-	-	-	(104,646)	(1,030,684)	-
Transfers	(3,274,981)	-	-	3,182,636	28,267	-	8,287	353,661	297,870	(297,870)
	8,496,127	1,016,903	4,934,185	3,429,749	266,491	-	183,238	2,352,976	20,679,669	254,262
Movements in accumulated depreciation										
Depreciation and amortisation	(2,709,566)	(1,312,144)	(299,660)	(825,547)	(294,121)	(230,584)	(328,204)	(205,167)	(6,204,993)	-
Accumulated depreciation of disposals	406,225	-	57,694	5,795	-	-	-	75,550	545,264	-
Revaluation	(7,303,355)	-	1,712,345	-	-	-	-	-	(5,591,010)	-
Transfers	1,616,366	-	-	(1,492,678)	-	-	-	(123,688)	-	-
	(7,990,330)	(1,312,144)	1,470,379	(2,312,430)	(294,121)	(230,584)	(328,204)	(253,305)	(11,250,739)	-
At fair value 30 June 2019	254,766,276	101,742,138	30,438,144	59,813,599	12,828,626	6,097,092	10,096,626	11,900,012	487,682,513	1,087,232
Accumulated depreciation at 30 June 2019	(81,598,567)	(9,254,188)	(9,551,715)	(24,921,884)	(6,570,040)	(5,447,362)	(6,810,925)	(3,204,513)	(147,359,194)	-
	173,167,709	92,487,950	20,886,429	34,891,715	6,258,586	649,730	3,285,701	8,695,499	340,323,319	1,087,232

**Notes to the Financial Report
For the Year Ended 30 June 2019**

(d) Culture and heritage assets

	Artworks	Library Collection	Pioneer Settlement vehicles & vessels	Pioneer Settlement site exhibits	Pioneer Settlement buildings	Total culture and heritage assets
	\$	\$	\$	\$	\$	\$
At fair value 1 July 2018	1,723,150	1,894,597	4,722,468	2,082,360	7,123,449	17,546,024
Accumulated depreciation at 1 July 2018	-	(1,279,083)	(101,260)	(48,594)	(6,387,027)	(7,815,964)
	<u>1,723,150</u>	<u>615,514</u>	<u>4,621,208</u>	<u>2,033,766</u>	<u>736,422</u>	<u>9,730,060</u>
Movements in fair value						
Additions	2,000	129,721	95,648	-	63,188	290,557
Contributions	-	2,955	-	-	-	2,955
Disposal	-	(58,573)	-	-	-	(58,573)
	<u>2,000</u>	<u>74,103</u>	<u>95,648</u>	<u>-</u>	<u>63,188</u>	<u>234,939</u>
Movements in accumulated depreciation						
Depreciation and amortisation	(17,231)	(121,686)	(47,259)	(20,829)	(24,185)	(231,190)
Accumulated depreciation of disposals	-	58,573	-	-	-	58,573
	<u>(17,231)</u>	<u>(63,113)</u>	<u>(47,259)</u>	<u>(20,829)</u>	<u>(24,185)</u>	<u>(172,617)</u>
At fair value 30 June 2019	1,725,150	1,968,700	4,818,116	2,082,360	7,186,637	17,780,963
Accumulated depreciation at 30 June 2019	(17,231)	(1,342,196)	(148,519)	(69,423)	(6,411,212)	(7,988,581)
	<u>1,707,919</u>	<u>626,504</u>	<u>4,669,597</u>	<u>2,012,937</u>	<u>775,425</u>	<u>9,792,382</u>

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit \$
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	1
land under roads	-	1
Buildings		
buildings	30 to 100 years	10,000
building improvements	30 to 100 years	10,000
leasehold improvements	5 to 15 years	10,000
Plant and equipment		
plant machinery and equipment		
large plant	10 years	2,500
small plant	2 to 4 years	2,500
fixtures, fittings and furniture	5 years	2,500
computers and telecommunications	3 to 5 years	1,500
Infrastructure		
sealed road formation	-	10,000
sealed road pavements	60 years	10,000
sealed road seals	15 to 20 years	10,000
road ancillary assets	20 to 25 years	10,000
unsealed road natural surface	-	10,000
unsealed road gravel surface	30 years	10,000
kerb and channel	25 to 50 years	10,000
footpaths and cycleways	20 to 50 years	10,000
drainage	20 to 80 years	10,000
recreation, leisure and community facilities	10 to 60 years	10,000
waste management	10 years	10,000
parks, open space and streetscapes	10 to 100 years	10,000
other infrastructure	10 to 100 years	10,000
Cultural and heritage		
artworks	100 years	1
library books	5 to 100 years	1
Pioneer Settlement		
- vehicles and vessels	100 years	5,000
- site exhibits	100 years	5,000
- buildings	100 years	10,000

Land under roads

Council recognises land under roads it controls at fair value.

Notes to the Financial Report For the Year Ended 30 June 2019

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 5 year period.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 5 to 15 year period.

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Benjamin Sawyer AAPI Reg. 63163. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for engloba (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	6,337,417	-	June 2018
Land - specialised	-	-	58,587,298	June 2018
Buildings	-	4,087,619	-	June 2018
Buildings - specialised	-	-	32,070,129	June 2018
Total	-	10,425,036	90,657,427	

Notes to the Financial Report For the Year Ended 30 June 2019

Valuation of infrastructure

Valuation of infrastructure assets has been determined by applying the most recent unit rates as calculated from a sample of internal and external projects.

The date of the current valuation is detailed in the following table.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Sealed roads	-	-	173,167,709	June 2019
Unsealed roads	-	-	92,487,950	June 2017
Footpaths and cycleways	-	-	20,886,429	June 2019
Drainage	-	-	34,891,715	June 2015
Recreational, leisure and community facilities	-	-	6,258,586	June 2015
Waste management	-	-	649,730	June 2015
Parks, open space and streetscapes	-	-	3,285,701	June 2015
Other infrastructure	-	-	8,695,499	June 2015
Total	-	-	340,323,319	

Valuation of cultural and heritage assets

Artworks

Valuation of artwork assets has been determined in accordance with an independent valuation undertaken by Warren Joel Auction and Valuation Services. The effective date of the valuation was 30 June 2018.

Valuation of the assets was determined by analysing comparable sales of an artist's work, knowledge of the collections history and condition of the collection.

Pioneer Settlement

Valuation of Pioneer Settlement vehicles and vessels and site exhibit assets was conducted by qualified independent valuer Mr David Freeman, member of Auctioneers and Valuers Association of Australia, and Chief Executive Officer of Amanda Adams Auctions, Bulleen, Victoria. The valuation is based on average market realisation prices that should be obtained if the items were sold via private treaty or auction sales. The effective date of the valuation is 30 June 2016.

Valuation of Pioneer Settlement buildings were undertaken by qualified independent valuer, Benjamin Sawyer AAPI Reg. 63163. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's cultural and heritage assets and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Artworks	-	-	1,707,919	April 2018
Pioneer Settlement vehicles and vessels	-	-	4,669,597	June 2016
Pioneer Settlement site exhibits	-	-	2,012,937	June 2016
Pioneer Settlement buildings	-	-	775,425	June 2018
Total	-	-	9,165,878	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 25% and 75% for specialised land and between 85% and 95% for land under roads. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.10 and \$450 per square metre.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend their useful lives.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 0 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Artwork assets are valued based on the market based direct comparison approach. Significant unobservable inputs include the rarity of the item, historical significance and the history of the artist. If there are events that determine certain pieces of the collection to be of historical significance, if the artist has works that have increased in popularity or the item is considered to be rare and in demand, this would result in a higher fair value.

Pioneer Settlement vehicles and vessels and site exhibit assets are valued based on the market based direct comparison approach. Significant unobservable inputs include the rarity of the item and historical significance. If there are events that determine certain pieces of the collection to be of historical significance or the item is considered to be rare and in demand, this would result in a higher fair value.

Pioneer Settlement buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 54 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend their useful lives.

	2019	2018
	\$	\$
Reconciliation of specialised land		
Land under roads	37,473,698	37,454,203
Crown land	7,826,100	7,826,100
Parks, reserves and land for community use	13,202,600	13,287,501
Total specialised land	58,502,398	58,567,804

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Swan Hill Rural City Council is the parent entity.

Subsidiaries and Associates

Council has no interests in subsidiaries and associates.

(b) Key Management Personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

Councillors	Mayor Ann Young	15/11/2016 to 30/06/2019
	Cr Les McPhee	08/12/2008 to 30/06/2019
	Cr John Katis	20/03/1997 to 14/01/2019
	Cr Gary Norton	18/03/2003 to 31/03/2019
	Cr Chris Jeffery	15/11/2016 to 30/06/2019
	Cr Lea Johnson	15/11/2016 to 30/06/2019
	Cr Bill Moar	15/11/2016 to 30/06/2019
	Cr Jade Benham	19/03/2019 to 30/06/2019
	Cr Nicole McKay	16/04/2019 to 30/06/2019
Chief Executive Officer	Mr John McLinden	21/03/2016 to 30/06/2019
Directors	Mr David Lenton	21/12/1992 to 30/06/2019
	Mr Bruce Myers	28/02/1994 to 30/06/2019
	Ms Heather Green	03/07/2017 to 30/06/2019
	Ms Svetla Petkova	11/12/2017 to 30/06/2019

	2019	2018
	No.	No.
Total Number of Councillors	9	7
Total of Chief Executive Officer and other Key Management Personnel	5	6
Total Number of Key Management Personnel	<u>14</u>	<u>13</u>

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

Short-term benefits	1,158,541	1,169,277
Post-employment benefits	167,369	85,124
Other long-term benefits	35,697	21,140
Termination benefits	-	27,638
Total	<u>1,361,607</u>	<u>1,303,178</u>

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

\$0 - \$9,999	2	-
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	4	5
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	1
\$70,000 - \$79,999	-	1
\$90,000 - \$99,999	-	1
\$180,000 - \$189,999	1	1
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	1	1
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	1	-
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	1	-
	<u>14</u>	<u>13</u>

**Notes to the Financial Report
For the Year Ended 30 June 2019**

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$148,000

The number of Senior Officers are shown below in their relevant income bands:

	2019	2018
Income Range:	No.	No.
\$145,000 - \$149,999	1	1
\$150,000 - \$159,999	5	4
\$160,000 - \$169,999	3	2
\$170,000 - \$179,999	-	1
	9	8

Total remuneration for the reporting year for Senior Officers included above, amounted to	1,422,183	1,261,326
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7.2 Related party disclosure

(a) Transactions with related parties

There were no transactions with related parties during the 2018/19 year.

	\$	\$
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There were no transactions with related parties during the 2018/19 year.	-	-
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(b) Outstanding balances with related parties

There were no outstanding balances relating to transactions with related parties at 30 June 2019.

There were no outstanding balances relating to transactions with related parties at 30 June 2019.	-	-
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(c) Loans to/from related parties

No loans have been made, guaranteed or secured by Council to a related party during the reporting year.

No loans have been made, guaranteed or secured by Council to a related party during the reporting year.	-	-
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(d) Commitments to/from related parties

There are no commitments in existence at balance date that have been made, guaranteed or secured by Council to a related party.

There are no commitments in existence at balance date that have been made, guaranteed or secured by Council to a related party.	-	-
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Notes to the Financial Report For the Year Ended 30 June 2019

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent assets

Council has no contingent assets at balance date (2018, \$0).

Operating lease receivables

The Council has entered into commercial property leases on its assets, consisting of surplus freehold office complexes, aerodrome facilities and caravan parks. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 15 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2019	2018
	\$	\$
Not later than one year	402,344	361,136
Later than one year and not later than five years	1,315,336	1,069,624
Later than five years	885,562	824,767
	<u>2,603,242</u>	<u>2,255,527</u>

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Future superannuation contributions

In addition to the disclosed contributions, Swan Hill Rural City Council has paid unfunded liability payments to Vision Super totalling \$0 (2017/18 \$0). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2019. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2020 are \$174,624.

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

Liability Mutual Insurance (where applicable)

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

Swan Hill Drag Strip

Council is aware that part of the surface of the Drag Racing Strip at Chisholm Reserve is becoming uneven. The extent, cause and effect of this unevenness is still being assessed. A full assessment is being arranged but the results are not yet available. Until the assessment is completed it is not possible to reliably estimate what, if any, costs will be incurred by Council to manage or correct the uneven surface. As this matter is yet to be finalised and the financial outcomes are unable to be reliably measured, no allowance for this contingency has been made in the financial report.

Notes to the Financial Report For the Year Ended 30 June 2019

(c) Guarantees for loans to other entities

Council is not the guarantor for any loans.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of \$2,679,071 in lease related assets and an equivalent liability.

Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)

This standard is expected to apply to certain transactions currently accounted for under *AASB 1004 Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

Notes to the Financial Report For the Year Ended 30 June 2019

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- Council have a policy for establishing credit limits for the entities council deal with;
 - Council may require collateral where appropriate; and
 - Council only invest surplus funds with financial institutions which have a recognised credit rating specified in Council's investment policy.
- Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the Balance Sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

Notes to the Financial Report For the Year Ended 30 June 2019

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1.0% and -0.50% in market interest rates (AUD) from year-end rates of 1.0%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 *Fair value measurement*, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Notes to the Financial Report For the Year Ended 30 June 2019

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period	Increment / (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$	\$	\$
2019			
Property			
Land	19,382,229	-	19,382,229
Buildings	15,889,738	-	15,889,738
	35,271,967	-	35,271,967
Infrastructure			
Sealed roads	83,065,693	495,173	83,560,866
Unsealed roads	15,975,607	-	15,975,607
Footpaths and cycleways	8,792,891	6,489,652	15,282,543
Drainage	15,647,453	-	15,647,453
Recreational, leisure and community facilities	1,912,153	-	1,912,153
Other infrastructure	1,923,169	-	1,923,169
	127,316,966	6,984,825	134,301,791
Culture and heritage assets			
Artworks	1,634,596	-	1,634,596
Pioneer Settlement	5,336,281	-	5,336,281
	6,970,877	-	6,970,877
Water rights	1,200,444	921,600	2,122,044
Total asset revaluation reserves	170,760,254	7,906,425	178,666,679
2018			
Property			
Land	14,372,920	5,009,309	19,382,229
Buildings	14,701,519	1,188,219	15,889,738
	29,074,439	6,197,528	35,271,967
Infrastructure			
Sealed roads	83,065,693	-	83,065,693
Unsealed roads	15,975,607	-	15,975,607
Footpaths and cycleways	8,792,891	-	8,792,891
Drainage	15,647,453	-	15,647,453
Recreational, leisure and community facilities	1,912,153	-	1,912,153
Other infrastructure	1,923,169	-	1,923,169
	127,316,966	-	127,316,966
Culture and heritage assets			
Artworks	1,477,603	156,993	1,634,596
Pioneer Settlement	5,660,682	(324,401)	5,336,281
	7,138,285	(167,408)	6,970,877
Water rights	842,044	358,400	1,200,444
Total asset revaluation reserves	164,371,734	6,388,520	170,760,254

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

**Notes to the Financial Report
For the Year Ended 30 June 2019**

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	2019	2018
	\$	\$
Surplus/(deficit) for the year	7,395,186	5,777,678
Depreciation/amortisation	8,534,709	8,244,117
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(1,004,644)	(245,312)
Assets written off / asset adjustments	513,562	1,050,303
Contributions - Non-monetary assets	(475,683)	(327,273)
Reallocation of borrowing costs to financing activities	332,455	357,303
Other	19,345	(52,793)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(970,057)	372,795
(Increase)/decrease in other assets	313,248	(390,217)
Increase/(decrease) in trade and other payables	1,048,037	(296,135)
(Increase)/decrease in inventories	(67,177)	23,313
Increase/(decrease) in provisions	262,524	(295,333)
Net cash provided by/(used in) operating activities	15,901,505	14,218,446

9.3 Superannuation

Council makes all of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has three categories of membership, accumulation and defined benefit, each of which is funded differently. A third category being a clearing house for staff contributing to other funds and/or self managed Super Funds.

Accumulation

The Fund's accumulation categories receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2019, this was 9.5% as required under Superannuation Guarantee legislation. The 2018 Staff Enterprise Bargaining Agreement enables staff to elect to have an additional 0.5% in lieu of cash paid into their superannuation. This option commenced on 7 July 2018 and is applicable to the majority of staff.

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018). Council also matches an additional benefits contract of 1.5% for eight of its eighteen staff who commenced prior to 1995 (1.5% in 2017/18).

As at 30 June 2018, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 106.0%. The financial assumptions used to calculate the VBI were:

Net investment returns 6.0% pa
Salary information 3.5% pa
Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at 30 June 2019 was 107.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Notes to the Financial Report For the Year Ended 30 June 2019

Defined benefit 2018 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017.

	2018	2017
	\$m	\$m
A VBI surplus	131.9	69.8
A total service liability surplus	218.3	193.5
A discounted accrued benefits surplus	249.1	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to the investigation date.

Council was notified of the 30 June 2019 VBI during August 2019.

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed by October 2019.